

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2023
OR

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

Commission File Number 001-36541

LIMBACH HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

46-5399422

(State or other jurisdiction of
incorporation or organization)

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

**797 Commonwealth Drive,
Warrendale, Pennsylvania**

15086

(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number, including area code): **412-359-2100**

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, par value \$0.0001 per share	LMB	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 checked="" type="checkbox"/>
		Emerging growth company	<input 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.

Indicated by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the common stock held by non-affiliates of the registrant, computed as of June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately \$241.0 million.

As of March 12, 2024, the number of shares outstanding of the registrant's common stock was 11,131,702.

Documents Incorporated by Reference: Portions of the registrant's definitive proxy statement relating to the registrant's 2023 Annual Meeting of Stockholders to be filed hereafter are incorporated by reference into Part III of this Annual Report on Form 10-K.

LIMBACH HOLDINGS, INC.

FORM 10-K

TABLE OF CONTENTS

Part I.

Item 1.	Business.	5
Item 1A.	Risk Factors.	11
Item 1B.	Unresolved Staff Comments.	28
Item 1C.	Cybersecurity	
Item 2.	Properties.	28
Item 3.	Legal Proceedings.	28
Item 4.	Mine Safety Disclosures.	28
	Information About Our Executive Officers	28

Part II.

Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	29
Item 6.	[Reserved]	29
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	29
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk.	50
Item 8.	Financial Statements and Supplementary Data.	51
Item 9.	Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.	93
Item 9A.	Controls and Procedures.	93
Item 9B.	Other Information.	94
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	94

Part III.

Item 10.	Directors, Executive Officers and Corporate Governance.	95
Item 11.	Executive Compensation.	95
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	95
Item 13.	Certain Relationships and Related Transactions, and Director Independence.	95
Item 14.	Principal Accountant Fees and Services.	95

Part IV.

Item 15.	Exhibits, Financial Statement Schedules.	96
Item 16.	Form 10-K Summary.	99

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including all documents incorporated by reference, contains forward-looking statements regarding Limbach Holdings, Inc. (the "Company", "Limbach", "we" or "our") and represents our expectations and beliefs concerning future events. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties. The forward-looking statements included herein, or incorporated herein by reference, include or may include, but are not limited to, (and you should read carefully) statements that are predictive in nature, depend upon or refer to future events or conditions, or use or contain words, terms, phrases, or expressions such as "achieve," "forecast,"

"plan," "propose," "strategy," "envision," "hope," "will," "continue," "potential," "expect," "believe," "anticipate," "project," "estimate," "predict," "intend," "should," "could," "may," "might," or similar words, terms, phrases or expressions or the negative of any of these terms. Any statements in this Form 10-K that are not based upon historical fact are forward-looking statements and represent our best judgment as to what may occur in the future.

These forward-looking statements are based on information available as of the date of this Annual Report on Form 10-K and the Company managements' current expectations, forecasts and assumptions, and involve a number of judgments, known and unknown risks and uncertainties and other factors, many of which are outside the control of the Company and its directors, officers and affiliates. Accordingly, forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date. The Company does not undertake any obligations to update, add or to otherwise correct any forward-looking statements contained herein to reflect events or circumstances after the date they were made, whether as a result of new information, future events, inaccuracies that become apparent after the date hereof or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, the Company's results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ are set forth under the heading "Risk Factor Summary" below and those described under Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K.

RISK FACTOR SUMMARY

The Company's business involves significant risks and uncertainties that make an investment in it speculative and risky. The following is a summary list of the principal risk factors that could materially adversely affect the Company's business, financial condition, liquidity and results of operations. These are not the only risks and uncertainties the Company faces, and you should carefully review and consider the full discussion of the Company's risk factors in the section titled "Risk Factors", together with the other information in this Annual Report on Form 10-K.

Risks Related to Our Business and Industry

- If we do not effectively manage the size and cost of our operations, our existing infrastructure may become either strained or overly-burdened, and we may be unable to increase revenue growth.
- Our dependence on a limited number of customers could adversely affect our business and results of operations.
- Our contract backlog is subject to unexpected adjustments and cancellations and could be an uncertain indicator of our future earnings.
- Since we bear the risk of cost overruns in most of our contracts, we may experience reduced profits or, in some cases, losses if costs increase above estimates.
- Timing of the award and performance of new contracts could have an adverse effect on our operating results and cash flow.
- We may incur significant costs in performing our work in excess of the original project scope and contract amount without having an approved change order.
- Our failure to adequately recover on claims brought by us against contractors, project owners or other project participants for additional contract costs could have a negative impact on our results of operations and financial condition, liquidity and on our credit facilities.
- We place significant decision making powers with our business units' management, which presents certain risks that may cause the operating results of individual branches to vary.
- Acquisitions, divestitures, and other strategic transactions could fail to achieve financial or strategic objectives, disrupt our ongoing business, and adversely impact our results of operations.
- Design/Build and Design/Assist contracts subject us to the risks of design errors and omissions.
- If we experience delays and/or defaults in customer payments, we could be unable to recover all expenditures.
- Unsatisfactory safety performance may subject us to penalties, affect customer relationships, result in higher operating costs, negatively impact employee morale and result in higher employee turnover.
- Our business has union and open shop operations, subjecting the business to risk for labor disputes.
- Strikes or work stoppages could have a negative impact on our operations and results.

- Misconduct by our employees, subcontractors or partners, or our overall failure to comply with laws or regulations could harm our reputation, damage our relationships with customers, reduce our revenue and profits, and subject us to criminal and civil enforcement actions.
- Failure to provide our services in accordance with professional standards or contractual requirements could expose us to significant monetary damages.
- Our dependence on subcontracts and suppliers of equipment and materials could increase our costs and impair our ability to complete contracts on a timely basis or at all, which would adversely affect our profits and cash flow.
- An increase in the cost or the availability of materials and commodities could affect our profitability.
- Changes in energy prices may increase our costs, and we may not be able to pass along increased energy costs to our customers.
- We may be unable to identify and contract with qualified Disadvantaged Business Enterprises ("DBE") contractors to perform as subcontractors.
- Our participation in construction joint ventures exposes us to liability and/or harm to our reputation for failures of our partners.
- A significant portion of our business depends on our ability to provide surety bonds. Any difficulties in the financial and surety markets may cause a material adverse effect on our bonding capacity and availability.
- Our insurance policies against many potential liabilities require high deductibles. Additionally, difficulties in the insurance markets may adversely affect our ability to obtain necessary insurance.
- Our use of the cost-to-cost method of accounting could result in a reduction or reversal of previously recorded revenue or profits.
- Earnings for future periods may be impacted by impairment charges for goodwill and intangible assets.
- Contractual warranty obligations could adversely affect our profits and cash flow.
- Recent and potential changes in U.S. trade policies and retaliatory responses from other countries may significantly increase the costs or limit supplies of raw materials and products used in our operations.
- Rising inflation and/or interest rates, or deterioration of the United States economy could have a material adverse effect on our business, financial condition and results of operations.
- Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.
- Failure to remain in compliance with covenants under our debt and credit agreements or service our indebtedness could adversely impact our business.
- We may not be able to generate sufficient cash flow to meet all of our existing or potential future debt service obligations.
- Our obligation to contribute to multiemployer pension plans could give rise to significant expenses and liabilities in the future.
- Increases in healthcare costs could adversely affect our business.
- Our business may be affected by the work environment.
- A pandemic, epidemic or outbreak of an infectious disease, such as the coronavirus (COVID-19), in the markets in which we operate or that otherwise impacts our facilities or suppliers could adversely impact our business.
- Future climate change could adversely affect us.
- We may be affected by market or regulatory responses to climate change.
- Increasing scrutiny and changing expectations from investors and customers with respect to our environmental, social and governance practices may impose additional costs on us or expose us to reputational or other risks.
- We are susceptible to adverse weather conditions, which may harm our business and financial results.
- Information technology system failures, network disruptions or cyber security breaches could adversely affect our business.
- Changes to our outsourced software or infrastructure vendors as well as any sudden loss, breach of security, disruption or unexpected data or vendor loss associated with our information technology systems could have a material adverse effect on our business.

- We have subsidiary operations throughout the United States and are exposed to multiple state and local regulations, as well as federal laws and requirements applicable to government contractors. Changes in laws, regulations or requirements, or a material failure of any of our subsidiaries or us to comply with any of them, could increase our costs and have other negative impacts on our business.
- As Federal Government Contractors under applicable federal regulations, our subsidiaries are subject to a number of rules and regulations, and our contracts with government entities are subject to audit. Violations of the applicable rules and regulations could result in a subsidiary being barred from future government contracts.
- Past and future environmental, safety and health regulations could impose significant additional costs on us that reduce our profits.
- Our failure to comply with immigration laws and labor regulations could affect our business.

Part I

Item 1. Business

Limbach Holdings, Inc. (the "Company," "we" or "us"), a Delaware corporation headquartered in Warrendale, Pennsylvania, is a building systems solution firm that partners with building owners and facilities managers who have mission critical mechanical (heating, ventilation, air conditioning), electrical, and plumbing infrastructure. The Company strives to be an indispensable partner to its customers by providing services that are essential to the operation of their businesses. The Company works with building owners primarily in six vertical markets: healthcare, industrial and manufacturing, data centers, life science, higher education and cultural and entertainment. The Company has more than 1,400 team members in 19 offices across the eastern United States. The Company's team members uniquely combine engineering expertise with field installation skills to provide custom solutions that leverage its full life-cycle capabilities, which allows it to address both the operational and capital projects needs of its customers.

2023 Highlights

In 2023, the Company:

- Generated \$57.4 million of net cash provided by operating activities.
- Expanded consolidated gross profit margin by 420 bps to 23.1%.
- Revenue generated from the Company's ODR (as defined below) segment increased 21.1% (versus 2022), achieving its 2023 target of a 50/50 segment revenue mix.
- Increased diluted earnings per share by 175% (versus 2022) to \$1.76
- Successfully completed the acquisitions of ACME and Industrial Air (as described in more detail below).
- In June 2023, the Company was added to the Russell 3000 Index as part of the annual reconstitution of the Russell indexes.

Segments

The Company operates in two segments, (i) General Contractor Relationships ("GCR"), in which the Company generally manages new construction or renovation projects that involve primarily mechanical, plumbing, or electrical services awarded to the Company by general contractors or construction managers, and (ii) Owner Direct Relationships ("ODR"), in which the Company performs owner direct construction projects and/or provides maintenance or services primarily on mechanical, plumbing or electrical systems, building controls and specialty contracting projects direct to, or assigned by, building owners or property managers.

GCR Segment. The Company provides its GCR segment services through the following project delivery methodologies:

- *Plan & Spec Bidding.* Plan & Spec bidding is a competitive bid process among multiple contractors bidding on nearly complete or completed design documents based on a lump sum price for delivery of the project. The Company believes price is the predominant selection criteria in this process.
- *Design/Build or Design/Assist.* Design/Build or Design/Assist is a process in which a specialty contractor is selected among competing contractors using best value methodology. In best value, the Company believes the selection is made based primarily upon qualifications and project approach, and secondarily on select cost factors. Cost factors are usually limited to a fixed fee and expense estimate and an estimate of the cost of work. With Design/Assist, the specialty contractor is typically contracted early in the design process to provide design and preconstruction input as needed to assist the customer in maintaining the established budget and completing design and drawings. This delivery option includes lump sum or guaranteed maximum price on a fixed fee basis.

ODR Segment. The Company's key business initiative for its ODR segment is to position itself as a value-added and indispensable partner to building owners in mission-critical markets, providing full life-cycle capabilities from concept design and engineering through system commissioning and recurring 24/7 service and maintenance. The Company remains focused on the scalability of its organic business through partnering directly with building owners. The Company believes that its ODR services offerings provide a distribution channel through which it can continue to deliver an expanded offering of value-added services direct to building owners that further reinforces its value proposition and differentiated capabilities. In addition, by establishing successful, long-term partnerships with building owners, the Company has positioned itself to provide reoccurring

maintenance services, which it believes improves revenue predictability and could increase economic resilience. The Company provides its ODR business services through both a variety of project delivery methodologies and other service offerings:

- *Critical System Repairs.* The Company provides retrofit and repair projects that are typically less than \$0.5 million in contract value, have short durations and limited scopes of work. When design is required for a project, the Company's professional engineers on staff often support the contract. Additionally, this service may be provided on a time-and-material basis for an immediate repair.
- *MEP Infrastructure Projects.* This work is contracted directly for a building owner for which the Company can perform the same project delivery methodologies akin to its GCR offerings. On projects that are predominantly mechanical, plumbing, and/or electrical in scope, the Company may act as the "prime" general contractor. These projects are typically MEP infrastructure projects for existing buildings. These projects are typically greater than \$0.5 million in contract value, and have longer durations and broader scopes of work.
- *Maintenance Contracts.* Through "evergreen" contracts, the Company provides maintenance services for HVAC, electrical and/or plumbing systems and equipment.
- *Building Automation Upgrades.* The Company provides design, installation and maintenance for specialized controls systems.
- *Data Driven Insights.* The Company provides the means to manage facility and asset data to empower data driven decisions. The Company's facility analytic solutions include: (i) energy management and sustainability through real-time tracking and monitoring, (ii) asset management, (iii) predictive maintenance and (iv) virtual facility management services. This tool is used for customer facilities to help reduce operating costs, extend the life cycle of equipment, and uncover energy savings to reduce the customer's carbon footprint.
- *Program Management Services.* Program Management Services provide the Company's healthcare customers with advisory support and strategic guidance to help match their long-term facility needs. These services include the defining of capital program needs for new and existing facilities. In addition, these services offer assessments of existing facilities for project upgrades to improve the operations of the buildings tied to MEP systems.

The Company's ODR business services profile offers the potential of reoccurring business opportunities. Due to the Company's on-going relationships with certain building owners established through certain of its service offerings, the Company believes it is well positioned with those owners when they initiate capital construction projects. As a result, the ongoing relationship with the customer along with the maintenance, time-and-materials, building automation upgrades, critical system repair work, and data driven insights often lead, drive and support the revenue associated with owner direct projects.

Additionally, the Company provides captive engineering capabilities, estimating and virtual design services. The Company also provides professional engineering, energy analysis, estimation, and detail design and three-dimensional building installation coordination services, direct to building owners.

The Company maintains professional engineers on staff who are supported by estimators and designers. The Company's engineers are experienced in healthcare, institutional, commercial, hospitality, and industrial projects. During 2023, the Company took steps to advance its customer experience by moving its staff of professional engineers, estimators and designers from one regional location to each of its branch locations. By decentralizing these services, the Company believes that it maintains the ability to provide the same engineering capabilities but expands its opportunities to enhance and build relationships with building owners.

For additional financial information about the Company's operating segments, see Note 12 – Operating Segments in the accompanying notes to the Company's consolidated financial statements.

Strategy

The Company focuses on creating value for building owners by developing long-term relationships and becoming an indispensable partner to building owners with mission-critical systems. The key objectives of the Company's strategy are to improve profitability and generate quality growth in its operations by increasing the percentage of revenue from ODR, to expand margins through evolved service offerings and to scale the business through acquisitions. To accomplish its objectives, the Company currently is executing the following initiatives:

ODR Growth. The Company's principal focus over the past few years, and a focus that the Company plans to continue in coming years, is the accelerated growth of its ODR segment. The Company is focused on expanding the number and breadth of owner relationships that it serves on a direct basis and leveraging these expanded owner-direct relationships to deliver a broad

suite of services. The Company maintains a disciplined approach of full life-cycle of engineered solutions and craft expertise to be a one-stop-shop for building owners, maximizing their investment in their mission-critical assets.

The Company has and plans to continue to make investments to expand its ODR revenue by increasing the value it can offer to building owners and continues to evaluate areas in which it could expand the breadth of its service offerings to better serve its customers. Employee development underpins the Company's efforts to execute its 2024 strategy. The Company is actively concentrating managerial and sales resources on training and hiring experienced employees to sell and profitably perform ODR-related services. In many locations, the Company has added or upgraded its capabilities and the Company believes its investments and efforts have provided customer value and stimulated growth within the segment.

The Company continues to expand its owner-direct offerings to include other digital solutions to manage and monitor the performance of building systems, including data analytics, energy consumption and sustainability. These services allow the Company to develop new revenue streams, leveraging its professional services capabilities to support multi-location regional and national customers in core end-markets, and to drive energy retrofit and performance optimization projects for building owners.

The Company's ODR revenue increased by 21.1% to \$262.0 million for the year ended December 31, 2023 as compared to \$216.4 million for the year ended December 31, 2022. The increase in year-over-year ODR segment revenue was primarily due to the Company's continued focus on the accelerated growth of its ODR business. In addition, the Company's ODR segment revenue increased by approximately \$3.4 million and \$4.7 million due to the ACME and Industrial Air transactions, respectively. ODR gross profit increased to 29.0% for the year ended December 31, 2023 from 25.5% for the year ended December 31, 2022 due to the combination of an increase in revenue and higher margins driven by contract mix.

Improved GCR Segment Margins. In the Company's GCR segment, its efforts continue to focus on improving project execution and profitability by pursuing opportunities that are smaller in size and shorter in duration than historically, and that leverage its captive design and engineering services.

The Company's GCR revenue decreased by 9.3% to \$254.4 million for the year ended December 31, 2023 as compared to \$280.4 million for the year ended December 31, 2022. The decrease in GCR revenue was primarily due to the Company's continued focus on improving project execution and profitability by pursuing opportunities that are smaller in size, shorter in duration, and that leverage its captive design and engineering services. In addition, the Company continues to drive a disciplined shift to its higher margin ODR business. Gross profit improved to 17.0% for the year ended December 31, 2023 from 13.8% for the year ended December 31, 2022.

Maintain a Diverse Customer, Geographic and Project Base. The Company has a distribution of revenue across end-use sectors that it believes reduces its exposure to negative developments in any given sector. Currently, the Company also has significant geographical diversification across regions that are generally located in the eastern portions of the United States, again reducing its exposure to negative developments in any given region. The Company's core market sectors consist of the following customer base with mission-critical systems:

- **Healthcare**, including research, acute care and inpatient hospitals for regional and national hospital groups, and pharmaceutical and biotech laboratories and manufacturing facilities;
- **Industrial and manufacturing**, including automotive, energy and general manufacturing plants;
- **Data Centers**, including facilities composed of networked computers, storage systems and computing infrastructure that organizations use to assemble, process, store and disseminate large amounts of data;
- **Life sciences**, including organizations and companies whose work is centered around research and development focused on living things;
- **Higher Education**, including both public and private colleges, universities and research centers; and
- **Cultural and entertainment**, including sports arenas, entertainment facilities (including casinos) and amusement rides and parks.

The Company also partners with building owners in other market sectors (infrastructure, government, hospitality and commercial). It is imperative that the partnerships formed between the Company and its building owners share in similar core values.

Investment in its Employees. Employee development underpins the Company's efforts to execute its strategy. The Company seeks to attract and retain quality employees by providing them an enhanced career path that offers a stable income, attractive

benefits packages and excellent advancement opportunities. The Company invests in its employees through safety and wellness programs, internal communication, career development training programs, recognition programs and succession planning initiatives.

Fully Integrated Operations. A core growth strategy of the Company includes offering design, construction and maintenance services for the full complement of mechanical, plumbing and electrical services in all its business units. The Company believes this combined offering is appealing to building owners who own and operate facilities with complex building systems. The Company also offers services to building owners known as MEP Prime, a service where the Company acts as the general contractor on assignments that predominantly include a heavy concentration of mechanical, electrical, plumbing and building controls systems, along with other trades such as concrete and drywall, to offer a complete service package.

Growth through Acquisitions. The Company believes that it can further increase its cash flow and operating income by acquiring strategically synergistic companies that will increase the Company's geographic footprint, supplement the Company's current business model, address capability gaps and enhance the breadth of its service offerings to better serve its clients. The Company has dedicated and continues to dedicate its resources to seek opportunities to acquire and integrate businesses that have attractive market positions, supports the Company ODR growth strategy, expands and/or supplements the Company's current breadth of service offerings and is culturally compatible. See Note 3 – Acquisitions in the accompanying notes to the Company's consolidated financial statements for further information on the Company's most recent acquisition activity.

Acquisitions

The ACME Transaction. On July 3, 2023 (the "ACME Effective Date"), the Company, Limbach Facility Services LLC ("LFS"), a Delaware limited liability company and a wholly-owned subsidiary of the Company, and ACME Industrial Piping, LLC ("ACME"), and the owner of ACME (the "ACME Seller") entered into a Purchase Agreement (the "ACME Purchase Agreement") pursuant to which LFS purchased all of the outstanding equity interests in ACME from the ACME Seller (the "ACME Transaction"). The ACME Transaction closed on the ACME Effective Date. As a result of the ACME Transaction, ACME became a wholly-owned indirect subsidiary of the Company. ACME specializes in performing industrial maintenance, capital project work, and emergency services for specialty chemical and manufacturing clients, and is a leading mechanical solutions provider for hydroelectric producers. The acquisition expands the Company's market share within its existing operating footprint, provides further exposure to an attractive customer base and supports the Company's continued ODR growth strategy.

The Industrial Air Transaction. On November 1, 2023 (the "Industrial Air Effective Date"), the Company, LFS and Industrial Air, LLC ("Industrial Air"), and the owner of Industrial Air (the "IA Seller") entered into a Purchase Agreement (the "Industrial Air Purchase Agreement") pursuant to which LFS purchased all of the outstanding equity interests in Industrial Air from the IA Seller (the "Industrial Air Transaction"). The Industrial Air Transaction closed on the Industrial Air Effective Date. As a result of the Industrial Air Transaction, Industrial Air became a wholly-owned indirect subsidiary of the Company. Industrial Air serves industrial customers throughout the Southeast United States and along the Eastern seaboard, focusing on delivering engineered air handling systems, including air condition and air filtration, along with controls systems and maintenance work. In addition, Industrial Air manufactures a wide range of components for air conditioning and filtration systems.

See Note 3 – Acquisitions in the accompanying notes to the Company's consolidated financial statements for further information on the ACME Transaction and the Industrial Air Transaction.

Divestitures

Southern California Region. In February 2022, the Company announced its strategic decision to wind down its Southern California GCR and ODR operations. The decision was made to better align the Company's customer geographic focus and to reduce losses related to unprofitable locations. During 2023, the Company executed the closeout phases on its remaining Southern California business unit projects and has fully exited the Southern California region aside from certain operational warranty obligations. However, the Company is party to the terms of a sublease agreement for its leased premises in Southern California through April 2027 and remains obligated under the original lease for such office space in the event the sublessee fails to satisfy its obligations under the sublease agreement. See Note 14 – Leases in the accompanying notes to the Company's consolidated financial statements for further information on the Southern California Sublease.

Customers

The Company's customer base primarily consists of building owners and their third-party representatives, general contractors and construction managers. As stated previously, one of the Company's strategic goals relate to the continued focus on the growth of its direct relationships with building owners. The Company believes that its ODR service offerings provide a distribution channel through which it can continue to deliver an expanded offering of value-added services direct to building

owners that further reinforces its value proposition and differentiated capabilities. The Company's team members uniquely combine engineering expertise with field installation skills to provide custom solutions that leverage its full life-cycle capabilities, which allows it to address both the operational and capital projects needs of its customers. This also positions the Company to deliver additional products and services in the future. The Company maintains hundreds of building owner relationships through its contracts for program management, maintenance and critical system repairs. For the years ended December 31, 2023 and 2022, no ODR customer accounted for more than 10% of the Company's consolidated revenue.

The Company believes it has strong relationships with many national commercial general contractors and construction managers. As one of its core risk management processes, the Company is selective in choosing to work with general contractors and construction managers that have similar core values, that have a solid payment history, that have experienced and available project management labor, and who value the Company's services and reputation. Most of the Company's branches also maintain strong relationships with local and regional general contractors and construction managers that fit its selection criteria. For the year ended December 31, 2023, no GCR segment customer accounted for more than 10% of the Company's consolidated revenue. For the year ended December 31, 2022, one GCR segment customer accounted for approximately 11% of consolidated total revenue.

GCR and ODR Backlog

The Company refers to its estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, less the revenue it had recognized under such contracts, as "backlog." Backlog includes unexercised contract options. The Company's backlog includes projects that have a written award, a letter of intent, a notice to proceed or an agreed upon work order to perform work on mutually accepted terms and conditions. Additionally, the difference between the Company's backlog and remaining performance obligations is due to the portion of unexercised contract options that are excluded, under certain contract types, from its remaining performance obligations as these contracts can be canceled for convenience at any time by the Company or the customer without considerable cost incurred by the customer. Additional information related to the Company's remaining performance obligations is provided in Note 4 — Revenue from Contracts with Customers in the accompanying notes to its consolidated financial statements. See also Item 1A. "Risk Factors — ***Our contract backlog is subject to unexpected adjustments and cancellations and could be an uncertain indicator of our future earnings.***"

The Company's GCR backlog was \$186.9 million and \$302.9 million as of December 31, 2023 and 2022, respectively. Projects are brought into backlog once the Company has been provided with a written confirmation of award and the contract value has been established. At any point, the Company has a substantial volume of projects that are specifically identified and advanced in negotiations and/or documentation, however those projects are not booked as backlog until the Company has received written confirmation from the owner or the general contractor / construction manager of their intention to award the contract and they have directed the Company to begin engineering, designing, incurring construction labor costs or procuring needed equipment and material. The Company's GCR projects tend to be built over a 12- to 24-month schedule depending upon scope and complexity. Most major projects have a preconstruction planning phase which may require months of planning before actual construction commences. The Company is occasionally employed to deliver a "fast-track" project, where construction commences as the preconstruction planning work continues. As work on the Company's projects progress, it increases or decreases backlog to take into account its estimate of the effects of changes in estimated quantities, changes in conditions, change orders and other variations from initially anticipated contract revenue, and the percentage of completion of the Company's work on the projects. Based on historical trends, the Company currently estimates that 83% of its GCR backlog as of December 31, 2023 will be recognized as revenue during 2024. Additionally, the reduction in GCR backlog has been intentional as the Company continues to focus on higher margin projects than historically, as well as its focus on smaller, higher margin owner direct projects.

The Company's ODR backlog was \$147.0 million and \$108.2 million as of December 31, 2023 and 2022, respectively. These amounts reflect unrecognized revenue expected to be recognized over the remaining terms of the Company's service contracts and projects. Based on historical trends, the Company estimates that 95% of its ODR backlog as of December 31, 2023 will be recognized as revenue during 2024. The Company believes its ODR backlog increased due to its continued focus on the accelerated growth of its ODR business. In addition, as of December 31, 2023, ODR backlog included approximately \$1.2 million and \$26.6 million of backlog associated with the operations of ACME and Industrial Air, respectively.

Competition

The mechanical, plumbing, electrical, and maintenance industry is highly competitive and the geographic markets in which the Company competes has numerous companies that provide similar services. Factors influencing the Company's competitiveness include price, reputation for quality, ability to reduce customer costs, experience and expertise, financial strength, surety bonding capacity, knowledge of local markets and conditions, availability and experience of craft labor, and customer

relationships. Competitors tend to be regional firms that vary in size and depth of resources. There are, however, significant national competitors that have greater national presence and breadth of expertise than the Company.

Materials and Equipment

The Company purchases materials, including sheet metal, steel and copper piping, electrical conduit, wire and other various materials from numerous sources. The Company also purchases equipment from various manufacturers. The price and availability of materials and equipment may vary from year to year due to market conditions and industry production capacities. Economic disruptions resulting from the coronavirus disease 2019 ("COVID-19") pandemic, including supply chain, production, and other logistical issues, as well as escalating commodity prices, have and may continue to negatively impact the Company's business. For example, the Company has experienced lead times significantly in excess of normal levels while also experiencing the effects of inflation through increases in fuel, material, and other commodity prices to varying degrees throughout 2021 and 2022. These disruptions escalated in 2022 and have manifested themselves most notably through project delays and reduced labor productivity and efficiency, particularly within its GCR segment. The elevated levels of cost inflation persisted throughout 2023, although at lower levels than experienced in 2022. These headwinds have been partially mitigated in 2023 by pricing actions taken in response to the inflationary cost environment, supply chain productivity improvements and cost savings initiatives. The effects of inflation also have resulted in central banks raising short-term interest rates and, as a result, the Company has experienced an increase in its interest expense in 2023. In response to these challenges, the Company continues to strive to more effectively manage its business through enhanced labor planning and project scheduling, increased pricing to the extent contractually permitted, and by leveraging the Company's relationships with its suppliers and customers. While the impacts of COVID-19 on the Company's business have moderated, there still remains uncertainty around the pandemic, its effect on labor or other macroeconomic factors, its severity and duration, the continued availability and effectiveness of vaccines and actions taken by third parties or by government authorities in response, including restrictions, laws or regulations, or other responses. Also, the ongoing conflict between Russia and Ukraine, and the sanctions imposed in response to this conflict, and the conflict in the Middle East have increased global economic and political uncertainty, and may add to these issues as described in "Item 1A. Risk Factors — **Continuing worldwide political and economic uncertainties may adversely affect our revenue and profitability.**" in this Annual Report on Form 10-K.

Human Capital

To ensure that the Company is well positioned to provide innovative system solutions and reliable services in a safe, efficient and responsible manner, the Company seeks to employ and retain a team of highly dedicated and accomplished people who genuinely care about the success of the Company. Creating an engaging workplace environment that provides for competitive pay and benefits, attractive career development opportunities, and a collaborative, respectful culture further enables the Company to achieve continued success.

Employees. As of December 31, 2023, the Company had approximately 1,400 employees, including approximately 400 full-time salaried employees, comprising project managers, estimators, superintendents and engineers who manage crews in its construction business and office staff. The Company also had approximately 1,000 craft employees, some of whom are represented by various labor unions. The Company believes it has a good relationship with its employees and has developed several strong partnerships with local unions to have access to an experienced, talented craft workforce.

Core Values and Core Purpose. From the technician in the field to the leadership of its business, the Company focuses on caring for people. The Company's core purpose "is to create great opportunities for people." The Company has implemented internal development programs, which allow it to attract and retain talent and emphasize the importance of promoting from within. The Company believes its core values reflect who it is. The Company cares about its people and believes its approach provides a competitive advantage. The Company believes it has strong employee retention rates because of its ability to hire, develop and retain top industry talent. Since 2021, the Company has reduced its salaried attrition rate by 32% through the effective implementation of human capital strategies.

The Company's culture is driven by its Core Values:

- **We CARE:** We care about safety and having our employees return home injury-free every day. We care about the environment, which is why we explore the life-cycle and total cost of ownership on every project. We care about our communities, which is why we support social and community-based programs and encourage our employees to make a difference by giving back.
- **We Act with INTEGRITY:** Our business is driven by doing the right thing for our employees and customers. We pride ourselves on delivering on our commitments.

- *We Are INNOVATIVE:* To remain competitive and provide value, we continuously advance our systems and capabilities. Our engineering design and innovation center in Orlando provides best-in-class energy and engineering solutions while tracking future trends and bringing new ideas to market.
- *We Are ACCOUNTABLE:* We are a company with drive and discipline. We set goals and hold each other responsible for the outcomes. We utilize the Entrepreneurial Operating System as our way of managing and leading the organization for top performance.

The Company believes its employees are essential to its continued success and the Company seeks to provide every employee with the foundation and environment needed to achieve the employee's goals. This objective begins with the Company's commitment to diversity and inclusion. *We CARE*, one of the Company's Core Values, is the foundation of its efforts to create a diverse, fair and inclusive organization. Building a culture where all of its employees feel a sense of belonging is important to the Company.

In addition, the Company screens leadership hires and measures employee performance against these Core Values, and regularly measures employee engagement against these values through the Company's annual employee engagement survey. The Company's "We Care" survey, which has been issued for more than fifteen years, provides leadership with insights, including constructive ideas on how to improve the overall business for those who work for it.

Training and Employee Development. Investment in continuous learning is essential to providing industry-leading expertise and service to the Company's customers, continuous improvement across its organization, and meaningful career development opportunities for its people. From in-person to online courses, formalized and other specialized training, the Company's employees benefit from opportunities to strengthen their leadership and management competencies, improve communication and interpersonal skills, and advance their technical proficiency. The Company's people have access to resources that include a robust learning management system that provides company-wide access for employees to a number of online learning modules and support tools. As a result of its efforts, the Company was recognized as one of the top training organizations in the world earning a Training APEX Award from Training magazine in 2023 and 2024. Additionally, the Company was recognized as a 2024 winner of the Association of Talent Development's BEST award, which honors organizations that demonstrate enterprise-wide success as a result of employee talent development. The Company's employees see the impact of these programs, and in 2023, its training programs averaged a participant Net Promoter Score of over 90%. The Company intends to continue to invest in additional training to support those employees directly working in customer-facing roles across the Company as it aims to grow the ODR business.

Diversity and Inclusion. The Company is committed to creating and supporting a diverse, fair and inclusive environment for its employees. *We Care* culture and industry as a whole. The Company believes that a diverse workforce is important to the long-term success of its business. The Company actively seeks to increase the diversity of its workforce and to practice its commitment to diversity and inclusion in hiring, development and training, which extends to its senior leadership and Board of Directors. The Company understands that diversity is truly a competitive advantage that helps drive growth and innovation.

Embrace Forum. The Company formed the Embrace Forum to continue to evolve its commitment to a culture of diversity and inclusion. This forum is composed of employees and leaders across the company who have made it their mission to maximize the potential of the Company's employees by creating great opportunities through a diverse, fair and inclusive environment. The Embrace Forum focuses on several core areas: culture, recruitment, development, promotion and employee resource groups ("ERGs").

The Company offers its employees the opportunity to join ERGs. These groups foster professional development, social connectivity, and celebrate diversity throughout the Company. Each year, new ERGs are evaluated for consideration. Currently, there are four active ERGs at the Company:

- *Women in Construction and Service ("WICS")*. The Company is committed to diversifying its workforce, promoting and supporting women within its organization to take on leadership roles, and helping encourage other women to join its industry as a whole. To support this initiative, the Company created the WICS ERG with a vision to create a culturally agile community that respects and empowers women in its company and industry.
- *Unidos*. Unidos is an ERG that was created to promote, empower and amplify the Hispanic culture within the Company. The mission of this ERG is to create a supportive environment for Hispanic employees and provide a more diverse and inclusive environment where everyone feels safe, respected and valued.
- *Hearts & Hands*. Hearts & Hands is an ERG with a core purpose of providing opportunities and encouraging employees to make a difference by giving back to communities in which the Company has an operating footprint.

- *Veterans.* The Veterans ERG aims to offer resources, foster camaraderie, and promote understanding among Company employees who have served in the military and those who are committed to supporting them.

In addition, to help recruit the next generation of diverse industry leaders, the Company is actively involved with the ACE Mentor Program of America, Inc. ("ACE"). ACE helps mentor high school students and inspires them to pursue careers in design and construction. It is the construction industry's fastest-growing high school mentoring program, reaching over 8,000 students annually.

Benefits & Wellness. The Company focuses on the most crucial component for its success: its people. The Company appreciates the fact that it owes its century-old existence to employees who work hard to help the Company prosper.

As such, the Company has committed itself to the health, safety and well-being of its workers and their families. One of the ways the Company shows its commitment is through offering competitive employee compensation and benefits packages, specifically designed to meet the unique needs of each individual in its organization, which include:

- *Health and Welfare Plans.* All full-time employees who do not participate in union plans are offered a range of choices among medical, dental and vision plans, life, accident, dependent and disability insurance, and pre-tax health spending accounts that include employer contributions.
- *Retirement Savings.* The Company helps provide its employees with financial security by offering a 401(k) Savings Plan, which includes company matching contributions, and an Employee Stock Purchase Plan.
- *Employee Assistance Programs.* Through the Company's Employee Assistance Program, it offers its employees, and their dependents or household members, access to services and counseling on a variety of personal, professional, legal, and financial matters, at no cost.
- *Wellness Program.* Consists of various activities and financial incentives intended to inspire the Company's team towards healthy living through personal accountability.

Safety Culture. Safety is integral to the Company's unique culture and Core Values. The Company cares about its employees and their families, and it holds each other accountable for working safely. The Company's safety culture is based on its "Hearts and Minds Commitment to Safety" program, established in 2013 by senior staff and field professionals via its Hearts and Minds Forum. The Company's Hearts and Minds program asks its employees to take direct responsibility for eliminating and preventing all incidents and injuries at home and in the workplace, which is done by:

- *Hiring the Right People.* The Company is focused on hiring qualified employees who share in its Core Values.
- *Knowing the Details.* Performed through thorough planning and having acute awareness of present surroundings, which aids in executing work safely.
- *Engaging at All Levels.* Setting a great example of completing all tasks safely, at work and at home, by everyone from company leadership to craft professional.
- *Mentoring and Coaching.* Acting as a mentor and coach to show team members how to practice good safety behavior.

This program helped earn the Company's Ohio business unit the highest honor for which Occupational Safety and Health Administration ("OSHA") can name a company; OSHA-Voluntary Protection Programs Star Site. This was the first time a union mechanical contractor has earned such an honor in the United States. The Company strives to achieve this honor at its other business units.

Seasonality

Severe weather can impact the Company's operations. In the northern climates where it operates, and to a lesser extent the southern climates as well, severe winters can slow the Company's productivity on construction projects, which shifts revenue and gross profit recognition to a later period. The Company's maintenance operations may also be impacted by mild or severe weather. Mild weather tends to reduce demand for the Company's maintenance services, whereas severe weather may increase the demand for its maintenance and time-and-materials services.

Government and Environmental Regulations

The Company is subject to various federal, state and local laws and regulations relating to the environment, including those relating to discharges to air, water and land, the handling and disposal of solid and hazardous waste, the handling of underground storage tanks and the cleanup of properties affected by hazardous substances. The Company also is subject to

compliance with numerous other laws and regulations of federal, state, local agencies, and authorities, including those relating to workplace safety, wage and hour, and other labor issues (including the requirements of the Occupational Safety and Health Act and comparable state laws), immigration controls, vehicle and equipment operations and other aspects of its business. In addition, a relatively limited number of the Company's construction contracts are entered into with public authorities, and these contracts frequently impose additional requirements, including requirements regarding labor relations and subcontracting with designated classes of disadvantaged businesses. A large portion of the Company's business uses labor that is provided under collective bargaining agreements. As such, the Company is subject to federal laws and regulations related to unionized labor and collective bargaining (including the National Labor Relations Act).

The Company continually monitors its compliance with these laws, regulations and other requirements. While compliance with existing laws, regulations and other requirements has not materially adversely affected the Company's operations in the past, and it is not aware of any proposed requirements that the Company anticipates will have a material impact on its operations, there can be no assurance that these requirements will not change or that compliance will not otherwise adversely affect the Company's operations in the future. In addition, while the Company typically passes any costs of compliance on to its customers under the applicable project agreement, either directly or as part of its estimate depending on the type of contract, there can be no assurance that the Company will not incur compliance expenses in the future that materially adversely affect its results of operations. Furthermore, certain environmental laws impose substantial penalties for non-compliance and other laws, such as the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), and comparable state laws, impose strict, retroactive, joint and several liability upon persons that contribute to the release of a "hazardous substance" into the environment. These persons include the owner or operator of the site where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances found at the site.

Climate Change and Sustainability

The Company recognizes its environmental and societal responsibilities and is committed to sustainability and to improving its environmental footprint as well as operating its business in a manner that seeks to protect the health and safety of the Company's employees and customers, as well as the public. The Company's focus on environmental stewardship and improving productivity drives not only its efforts to become more energy efficient but also improvements in the Company's customers' impact on climate change. Replacing an aging building's existing systems with modern, energy-efficient systems significantly reduces a building's energy consumption and carbon footprint while improving cost, air quality and overall system effectiveness.

The Company is subject to the requirements of numerous federal, state and local laws, regulations and rules that promote the protection of the environment. While capital expenditures or operating costs for environmental compliance cannot be predicted with certainty, the Company does not currently anticipate that they will have a material effect on its capital expenditures or competitive position in the short term.

Available Information

The Company's internet address is <https://www.limbachinc.com>. The Company makes available, free of charge, on its Internet website copies of the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the United States Securities and Exchange Commission (the "SEC").

The content of the Company's website is not incorporated by reference into this annual report on Form 10-K or in any other report or document it files with the SEC, and any references to the Company's website is intended to be inactive textual references only.

Item 1A. Risk Factors

You should carefully consider the following risk factors, together with all of the other information included in this Annual Report on Form 10-K. The risks described below are those which we believe are the material risks that we face. Additional risks not presently known to us or which we currently consider immaterial may also have an adverse effect on us. Any risk described below may have a material adverse impact on our business or financial condition. Some statements in this Annual Report on Form 10-K, including such statements in the following risk factors, constitute forward-looking statements. These forward-looking statements are based on our management's current expectations, forecasts and assumptions, and involve a number of risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Risks Related to Our Business and Industry

Intense competition in our industry could reduce our market share and profit.

The markets we serve are highly fragmented and competitive. The non-residential contracting industry is characterized by numerous companies, many of which are small and whose activities are often geographically concentrated. We compete on the basis of our technical expertise and experience, financial and operational resources, industry reputation and dependability. While we believe our customers consider a number of these factors in awarding available contracts, price is often the principal factor in determining which contractor is selected, especially on smaller, less complex projects. As such, smaller competitors are sometimes able to win bids for such projects based on price alone due to their lower cost and financial return requirements. We expect competition to remain intense for the foreseeable future, presenting us with significant challenges in our ability to maintain strong growth rates and acceptable profit margins. In addition, new and emerging technologies and services are expected to significantly impact the industry in coming years. If we are unable to meet these competitive challenges, we could lose market share to our competitors and experience an overall reduction in our profits. In addition, our profitability could be impaired if we have to reduce prices to remain competitive.

We face competition from the in-house service organizations of our customers.

We face competition from the in-house service organizations of our customers who have employees who perform service and maintenance work similar to the services we provide as part of our ODR offering. Vertical consolidation is also expected to intensify competition in the industry. We can offer no assurance that our existing or prospective customers will continue to outsource specialty contracting services in the future. Our revenues and results of operations could be adversely affected if our existing or prospective customers reduce the specialty contracting services that are outsourced to us.

If we do not effectively manage the size and cost of our operations, our existing infrastructure may become either strained or overly-burdened, and we may be unable to increase revenue growth.

The growth we have experienced in the past, and that we may experience in the future, may provide challenges to our organization, requiring us to expand our personnel and operations. Future growth, whether organic or through acquisitions, may strain our infrastructure, operations and other managerial and operating resources. We have also experienced severe constriction in the markets in which we operated in the past and, as a result, in our operating requirements. Failing to maintain the appropriate cost structure for a particular economic cycle may result in us incurring costs that affect our profitability. If our business resources become strained or overly-burdensome, our earnings may be adversely affected and we may be unable to increase revenue growth. Further, we may undertake contractual commitments that exceed our labor resources, which could also adversely affect our earnings and ability to increase revenue growth.

Our dependence on a limited number of customers could adversely affect our business and results of operations.

Due to the size and nature of our regional construction contracts, one or a few customers have in the past, and may in the future, represent a substantial portion of our consolidated revenue and gross profits in any one year or over a period of several consecutive years. For example, for the year ended December 31, 2022, one GCR segment customer accounted for approximately 11% of consolidated total revenue. Similarly, our backlog frequently reflects multiple contracts for a limited number of customers; therefore, one customer may comprise a significant percentage of backlog at a certain point in time. The loss of business from any one of such customers could have a material adverse effect on our business or results of operations; however, our customer base continues to shift to a more ODR-centric direction, which typically yield projects that are of less risk and smaller in nature. Also, a default or delay in payment on a significant scale by a customer may have a material adverse effect on our financial position, results of operations and cash flows.

Our contract backlog is subject to unexpected adjustments and cancellations and could be an uncertain indicator of our future earnings.

We cannot guarantee that the revenue projected in our contract backlog will be realized or, if realized, will be profitable. Projects reflected in the contract backlog may be affected by project cancellations, scope adjustments, time extensions or other changes. Such changes may materially and adversely affect the revenue and profit we ultimately realize on these projects.

Since we bear the risk of cost overruns in most of our contracts, we may experience reduced profits or, in some cases, losses if costs increase above estimates.

Our contract prices are established largely upon estimates and assumptions of our projected costs, including assumptions about future economic conditions; prices, including commodities prices; availability of labor; the costs of providing labor, equipment, and materials; and other factors outside of our control. If our estimates or assumptions prove to be inaccurate, due to changing circumstances or our failure to successfully execute the work, cost overruns may occur and we could experience reduced profits.

or a loss for affected projects. For instance, unanticipated technical problems may arise; we could have difficulty obtaining permits or approvals; local laws, labor costs or labor conditions could change; bad weather could delay construction; prices of raw materials could increase; suppliers or subcontractors may fail to perform as expected; or site conditions may be different than originally anticipated. We are also exposed to increases in energy prices. Additionally, in certain circumstances, we guarantee project completion or the achievement of certain acceptance and performance testing levels by a scheduled date. Failure to meet schedule or performance requirements typically results in additional costs to us, and in some cases may also create liability for consequential and liquidated damages. Performance problems for existing and future projects could also cause our actual results of operations to differ materially from those anticipated and could damage our reputation within the industry and our customer base.

In addition, the costs incurred and gross profit realized on our contracts can vary, sometimes substantially, from our original projections due to a variety of factors, including, but not limited to:

- on-site conditions that differ from those described in the original bid or contract;
- failure to include required materials, equipment, or work in a bid, or the failure to properly estimate the quantities or costs needed to complete a lump sum or guaranteed maximum price contract;
- contract or project modifications creating unanticipated costs not covered by change orders;
- failure by the customer, owner or general contractor to properly approve and authorize change orders for work that is required and as a result, the inability to bill and collect for the value of the work performed;
- failure by suppliers, vendors, subcontractors, designers, engineers, consultants, joint venture partners or customers to perform their obligations;
- delays in quickly identifying and taking measures to address issues which arise during contract execution;
- changes in availability, proximity and costs of materials and equipment, including pipe, sheet metal, other construction materials and mechanical, electrical and plumbing equipment;
- claims or demands from third parties for alleged damages arising from the design, construction or use and operation of a project of which our work is part;
- difficulties in obtaining required governmental permits or approvals;
- availability and skill level of workers in the geographic location of a project;
- citations issued by any governmental authority, including OSHA;
- unexpected labor conditions, shortages or work stoppages causing delays in completion, or acceleration of the contracted work to maintain milestone completion dates, which could cause losses due to not meeting estimated production targets;
- installation productivity rates different than the rate that was estimated;
- changes in applicable tariffs, laws and regulations;
- delays caused by weather conditions;
- fraud, theft or other improper activities by suppliers, vendors, subcontractors, designers, engineers, consultants, joint venture partners, customers or our own personnel; and
- mechanical or performance problems with equipment.

Many of our customer contracts contain provisions that purport to shift some or all of the above risks from the customer to us, even in cases where the customer is partly at fault. We are not always able to shift this risk to subcontractors. Our experience has been that customers are willing to negotiate equitable adjustments in the contract compensation or completion time provisions if unexpected circumstances arise. However, customers may seek to impose contractual risk-shifting provisions more aggressively, which could increase risks and adversely affect our financial position, results of operations and cash flows.

Timing of the award and performance of new contracts could have an adverse effect on our operating results and cash flow.

The timing of project awards is unpredictable and outside of our control. Project awards often involve complex and lengthy negotiations and competitive bidding processes. These processes can be impacted by a wide variety of factors, including a customer's decision to not proceed with the development of a project, governmental approvals, financing contingencies, commodity prices, environmental conditions, and overall market and economic conditions. We may not win contracts that we have bid upon for any number of reasons, including price, a customer's perception of our ability to perform, a competitor's relationships and/or perceived technology advantages held by others. Many of our competitors may be more inclined to take greater or unusual risks or accept terms and conditions in a contract that we might not deem acceptable. Because a significant portion of our revenue is generated from large projects, our results of operations can fluctuate quarterly and annually depending on whether, and when, large project awards occur, as well as the commencement and progress of work under large contracts already awarded. As a result, we are subject to the risk of losing new awards to competitors or the risk that revenue may not be derived from awarded projects as quickly as anticipated.

The uncertainty of the timing of project awards may also present difficulties in matching the size of our work crews with project needs. In some cases, we may maintain and bear the cost of more ready work crews than are currently required in anticipation of future needs for existing contracts or expected future contracts. If a project is delayed or an expected project award is not received, we would incur costs that could have a material adverse effect on our anticipated profit.

In addition, the timing of the revenue, earnings and cash flows from our contracts in backlog could be delayed by a number of factors, including adverse weather conditions; other subcontractors delaying the progression of proceeding work; delays in receiving material and equipment from suppliers and services from subcontractors; and changes in the scope of work to be performed. Such delays, if they occur, could have material and adverse effects on our operating results for current and future periods until the affected contracts are completed.

We may incur significant costs in performing our work in excess of the original project scope and contract amount without having an approved change order.

After the award of a contract, we may perform additional work that was not contemplated in our original contract price, at the request or direction of the customer, without the benefit of an approved change order. Our contracts generally afford the customer the right to order such changed or additional work, and typically require the customer to compensate us for the additional work. If we are unable to successfully negotiate a change order, or fail to obtain adequate compensation for these matters, we could be required to record in the current period an adjustment to revenue and profit recognized in prior periods. Such adjustments, if substantial, could have a material adverse effect on our financial position, results of operations and cash flows.

Our failure to adequately recover on claims brought by us against contractors, project owners or other project participants for additional contract costs could have a negative impact on our results of operations and financial condition, liquidity and on our credit facilities.

In certain circumstances, we assert or have asserted claims against project contractors, owners, engineers, consultants, subcontractors or others involved in a project for additional costs exceeding the contract price or for amounts not included in the original contract price. These types of claims occur due to matters such as delays, inefficiencies or errors caused by others or changes from the initial project scope, all of which may result in additional costs. Often, these claims can be the subject of lengthy negotiations, arbitration or even litigation proceedings, and it is difficult to accurately predict when and on what terms these claims will be ultimately resolved.

The potential impact of recoveries for claims may be material in future periods when they, or a portion of them, become probable and estimable or are settled and therefore these claims have the ability to negatively impact our results of operations and financial condition. For example, we could have estimated and reported a profit on a contract over several periods and later determined, that all or a portion of such previously estimated and reported profits were overstated due to the results of the settlement of a claim. If this occurs, the full aggregate amount of the overstatement would be reported for the period in which such determination is made, thereby offsetting all or a portion of any profits from other contracts that would be reported in such period, or even resulting in a loss being reported for such period. On a historical basis and in accordance with generally accepted accounting principles in the United States of America, we have used a detailed process in estimating and accounting for these claims and we believe that we have typically made reliable estimates of such claims. However, given the uncertainties associated with these types of claims, it is possible for actual recoveries to materially and adversely vary from estimates previously made, which may result in reductions or reversals of previously recorded revenue and profits. We could also recognize additional revenue and profits when the final settlements exceed our recorded estimates.

In addition, when these types of claims are made, we may use or have used working capital to cover cost overruns pending the resolution of the relevant claims and may incur additional costs when pursuing such potential recoveries. A failure to recover on these types of claims promptly and fully could have a negative impact on our financial position, results of operations, cash

flows and liquidity. Moreover, our use of working capital to cover cost overruns related to pending claims may impact our ability to meet our credit agreement covenants or limit the use of our credit agreements. If we default under our credit agreements, it could result in, among other things, us no longer being entitled to borrow under one or more of the credit agreements, acceleration of the maturity of outstanding indebtedness under the agreements, foreclosure on collateral securing the obligations under the agreements or require us to enter into amendments and/or waivers to those credit agreements that may place additional requirements on us and that cost us additional amounts payable to our lenders.

We place significant decision making powers with our business units' management, which presents certain risks that may cause the operating results of individual branches to vary.

We operate from various locations across the eastern United States, supported by corporate executives and services, with local business unit management retaining responsibility for day-to-day operations and adherence to applicable laws. We believe that our practice of placing significant decision making powers with local management is important to our successful growth and allows us to be responsive to opportunities and to our customers' needs. However, this practice can make it difficult to coordinate procedures across our operations and presents certain risks, including the risk that we may be slower or less effective in our attempts to identify or react to problems affecting an important business issue than we would under a more centralized structure, or that we would be slower to identify a misalignment between a subsidiary's and our overall business strategy. If a subsidiary location fails to follow our compliance policies, we could be made party to a contract, arrangement or situation with exposure to large liabilities or that has less advantageous terms than is typically found across the markets in which we operate. Likewise, inconsistent implementation of corporate strategy and policies at the local level could materially and adversely affect our financial position, results of operations, cash flows and prospects.

The operating results of an individual location may differ from those of another location for a variety of reasons, including market size, local customer base, regional construction practices, competitive landscape, regulatory requirements, state and local laws and local economic conditions. As a result, certain of our locations may experience higher or lower levels of profitability and growth than other locations.

Acquisitions, divestitures, and other strategic transactions could fail to achieve financial or strategic objectives, disrupt our ongoing business, and adversely impact our results of operations.

We may pursue selective acquisitions to expand, complement, or diversify our business as growing by acquisition is part of our stated growth strategy. We cannot provide assurances that we will be able to identify suitable acquisition targets or that we will be able to consummate acquisitions on terms and conditions acceptable to us, or that the acquired businesses will be profitable. Acquisitions may expose us to additional business risks different than those we have traditionally experienced. We also may encounter difficulties or failure to integrate acquired businesses and successfully managing the growth we expect to experience from these acquisitions.

We may choose to finance future acquisitions with debt, equity, cash or a combination of the three. Future acquisitions could dilute earnings. To the extent we succeed in making acquisitions, a number of risks may result, including:

- the transaction may not effectively advance our business strategy, and its anticipated benefits may never materialize;
- the assumption of material liabilities or inability to realize the cost savings or other financial benefits anticipated prior to acquisition (including environmental-related costs and multiemployer pension plans) through failure of due diligence to uncover situations that could result in legal exposure or to quantify the true liability exposure from known risks;
- the assumption of multiemployer pension plans ("MEPP") liability in the event of an acquisition with existing unions, and an increased exposure to challenges to the structure of our union and non-union subsidiaries and operations if an open shop business is acquired; and
- any additional indebtedness incurred in connection with an acquisition may impact our financial position, results of operations, and cash flows.

Furthermore, the costs associated with a failed acquisition or attempted acquisition transaction could have an adverse effect on our financial position, results of operations and cash flows.

Our failure to successfully integrate acquisitions could adversely affect our financial results.

The success of our stated growth strategy depends on our ability to realize the anticipated benefits from the acquired businesses, such as the expansion of our existing operations and elimination of redundant costs. To realize these benefits, we must

successfully integrate the operations of the acquired businesses with our existing operations. Integrating acquired businesses involves a number of operational challenges and risks, including:

- diversion of management's attention from our existing business;
- difficulties in the retention of management and other key employees, the assimilation of different cultures and practices, broad and geographically dispersed personnel and operations, and the retention of clients or key employees of an acquired business could negatively impact our business and the acquired business;
- unanticipated issues in integrating an acquired business's accounting, information technology, human resources, and other administrative systems may fail to permit effective management and expense reduction; and
- the risk of additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, financial reporting and internal controls.

These factors could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could adversely affect our results of operations and financial position. Additionally, any impairment of goodwill or other intangible assets as a result of our failure to successfully integrate acquisitions could adversely affect our results of operations and financial position.

Design/Build and Design/Assist contracts subject us to the risks of design errors and omissions.

Design/Build projects provide the customer with a single point of responsibility for both design and construction. When we are awarded these projects, we typically perform the design and engineering work in-house. On other projects, we are not the designer, but provide assistance directly to the project design team. In the event that a design error or omission by us causes damage, there is risk that we, our subcontractors or the respective professional liability or errors and omissions insurance would not be able to absorb the liability. Any liability resulting from an asserted design defect with respect to our projects may have a material adverse effect on our financial position, results of operations and cash flows.

If we experience delays and/or defaults in customer payments, we could be unable to recover all expenditures.

Due to the nature of our contracts, we sometimes commit resources to projects prior to receiving payments from the customer in amounts sufficient to cover expenditures on projects as they are incurred. Delays in customer payments may require us to make a working capital investment. If a customer defaults in making their payments on a project to which we have devoted resources, it could have a material negative effect on our financial position, results of operations and cash flows.

Unsatisfactory safety performance may subject us to penalties, affect customer relationships, result in higher operating costs, negatively impact employee morale and result in higher employee turnover.

Our work is conducted at offices the Company leases, as well as a variety of sites including construction sites and industrial facilities. Each location is subject to numerous health and safety risks, including electrocutions, fires, explosions, mechanical failures, exposure to hazardous materials, weather-related incidents, motor vehicle and transportation accidents and damage to equipment. In addition, we lease a sizeable fleet of vehicles operated by our employees, and many of our employees operate their personal vehicles in the course and scope of their employment, traveling to and from the sites and our facilities. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment and other consequential damages, and could lead to suspension of operations, large damage claims and, in extreme cases, criminal liability. While we have taken what we believe are appropriate precautions to minimize health and safety risks, we have experienced serious incidents in the past and may experience additional incidents in the future. Serious accidents may subject us to penalties, civil litigation or criminal prosecution. Claims for damages to persons, including claims for bodily injury or loss of life, could result in significant costs and liabilities, which could adversely affect our financial position, results of operations and cash flows. In addition, like other companies in our industry, we track our injury history in the form of an Experience Modification Rate ("EMR"). In the event that the EMR associated with certain of our operating units exceeds the minimum threshold set by customers, we may be unable to pursue certain projects. Poor safety performance could also jeopardize our relationships with our customers and harm our reputation.

Our inability to properly utilize our workforce could have a negative impact on our profitability.

The extent to which we utilize our workforce affects our profitability. Underutilizing our workforce could result in lower gross margins and, consequently, a decrease in our short-term profitability. On the other hand, overutilization of our workforce could negatively impact safety, employee satisfaction, attrition, and project execution, leading to a potential decline in future project awards. The utilization of our workforce is impacted by numerous factors, including:

- our estimates of headcount requirements and our ability to manage attrition;
- efficiency in scheduling projects and our ability to minimize downtime between project assignments;
- productivity;
- labor disputes; and
- availability of skilled labor at any given time.

Our business has union and open shop operations, subjecting the business to risk for labor disputes.

We have separate subsidiary employers that have union and non-union operations. There is a risk that our corporate structure and operations in this regard could be challenged by one or more of the unions to which the employees belong. An adverse claim or judgment resulting from such a challenge could have a material adverse effect on our financial position, results of operations and cash flows.

Strikes or work stoppages could have a negative impact on our operations and results.

We are a party to collective bargaining agreements covering a majority of our craft workforce. Although strikes, work stoppages and other labor disputes have not had a significant impact on our operations or results in the recent past, any such labor actions, or our inability to renew the collective bargaining agreements, could materially and adversely impact our financial position, results of operations and cash flows if they occur in the future.

Our business may be negatively affected by our failure to properly execute our business strategy.

In order to maintain and grow our business, we must make strategic decisions about our current and future business plans and effectively execute upon those plans. Our principal focus over the past few years, and a focus that we plan to continue in coming years, is the accelerated growth of our ODR segment, which includes maintenance services, small projects, building controls installation and service, building environment management and performance services, and other project opportunities performed direct for building owners. We are focused on expanding the number and breadth of owner relationships that we serve on a direct basis and to leverage these expanded owner-direct relationships to deliver a broad suite of services. We have made substantial investments to expand our ODR segment by increasing the value we can offer to service and maintenance customers. We continue to actively concentrate managerial and sales resources on training and hiring experienced employees to sell and profitably perform ODR work. With our ODR-centric focus, we've lessened, and continue to lessen, our resources allocated to our GCR segment and continue to limit the GCR-related work we pursue. Although we believe our ODR-centric focus addresses the needs of our business and its long-term objectives, our strategy is based on certain assumptions and forecasts, which are subject to risks and uncertainties, including whether we have accurately identified the issues, targeted the appropriate market customers, and executed our strategic efforts at the appropriate scale and scope, as well as continuing to do so. Consequently, the continued business transition to an ODR-centric focus may not be successful in yielding the intended results. Our business and financial results may be adversely impacted if we do not successfully execute our business strategy.

Our success depends upon the continuing contributions of certain key personnel, each of whom would be difficult to replace. If we lose the benefit of the experience, efforts and abilities of one or more of these individuals, our operating results could suffer.

Our continuing success depends on the performance of our management team. We rely on the experience, efforts and abilities of these individuals, each of whom would be difficult to replace. We cannot guarantee the continued employment of any of our key executives who may choose to leave the company for any number of reasons, such as other business opportunities, differing views on strategic direction, etc. If we lose members of our management team, our business, financial position, results of operations, cash flows, and customer base, as well as the market price of our common stock, could be adversely affected.

If we are unable to attract and retain qualified managers, employees, joint venture partners, subcontractors and suppliers, we will be unable to operate efficiently, which could reduce our profitability.

Our business is labor intensive, and many of our operations experience a high rate of employment turnover. It is often difficult to find qualified personnel in certain geographic areas where we operate. Additionally, our business is managed by a small number of key executive and operational officers. Generally, the industry is facing a shortage of trained, skilled, and qualified management, operational, and field personnel. We may be unable to hire and retain the skilled labor force necessary to operate efficiently and to support our growth strategy or to execute our work in backlog. Changes in general or local economic conditions and the resulting impact on the labor market and on our joint venture partners, subcontractors and suppliers, may make it difficult to attract or retain qualified individuals in the geographic areas where we perform our work. Our labor

expenses may increase as a result of a shortage in the supply of skilled and other personnel. Labor shortages, increased labor costs or the loss of key personnel could reduce our profitability and negatively impact our business. Further, our relationship with some customers could suffer if we are unable to retain the employees with whom those customers primarily work and have established relationships.

Misconduct by our employees, subcontractors or partners, or our overall failure to comply with laws or regulations could harm our reputation, damage our relationships with customers, reduce our revenue and profits, and subject us to criminal and civil enforcement actions.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one or more of our employees, subcontractors, suppliers or partners could have a significant negative impact on our business and reputation. Examples of such misconduct include employee or subcontractor theft, the failure to comply with safety standards, state-specific laws related to automobile operations (including mobile phone usage), customer requirements, environmental laws, DBE regulatory compliance, and any other applicable laws or regulations. While we take precautions to prevent and detect these activities, such precautions may not be effective and are subject to inherent limitations, including human error and fraud. Our failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines and penalties, harm our reputation, damage relationships with customers, reduce our revenue and profits, and subject us to criminal and civil enforcement actions.

Failure to provide our services in accordance with professional standards or contractual requirements could expose us to significant monetary damages.

Our services often involve professional judgments regarding the planning, design, development, construction, or operations and management of complex facilities. Although we have adopted a range of insurance, risk management, and risk avoidance programs designed to reduce potential liabilities, a catastrophic event at one of our project sites or a completed project, resulting from the services we have performed, could result in significant professional or product liability and warranty or other claims against us, as well as reputational harm. These liabilities could exceed our insurance limits or impact our ability to obtain insurance in the future. Further, even where insurance coverage applies, such policies have limits and deductibles or retentions, which could result in our assumption of exposure for certain amounts with respect to any claim filed against us. In addition, customers or subcontractors who have agreed to indemnify us against any such liabilities or losses might refuse or be unable to uphold their obligations to us. An uninsured claim, either in part or in whole, as well as any claim covered by insurance but subject to a policy limit, high deductible and/or retention, could have a material adverse effect on our business, financial condition, and results of operations.

Our dependence on subcontractors and suppliers of equipment and materials could increase our costs and impair our ability to complete contracts on a timely basis or at all, which would adversely affect our profits and cash flow.

We rely heavily on third-party subcontractors to perform some, and often a majority, of the work on many of our contracts. We also rely almost exclusively on third-party suppliers to provide the equipment and materials (including pipe, sheet metal and control systems) for our contracts. If we are unable to retain qualified subcontractors or suppliers, or if our subcontractors or suppliers do not perform as anticipated for any reason, our execution and profitability could be harmed. By contract, we remain liable to our customers for the performance or failures of our subcontractors and suppliers.

We generally do not bid on projects unless we have commitments from suppliers for the materials and equipment and from subcontractors for the services required to complete the projects at prices that have been included in the bid. Thus, to the extent that we cannot obtain commitments from our suppliers for materials and equipment, and from subcontractors for services needed, or to the extent such commitments are on terms that are adverse to the Company, our ability to bid for contracts may be impaired or we may experience reduced profit or a loss on a contract. In addition, if a supplier or subcontractor is unable to deliver materials, equipment or services according to the negotiated terms of a supply/services agreement for any reason, including the deterioration of our financial condition, we may suffer delays and be required to purchase the materials, equipment and services from another source at a higher price or incur other unanticipated costs. This may reduce the profit to be realized, or result in a loss, on a contract.

An increase in the cost or the availability of materials and commodities could affect our profitability.

We are exposed to market risks that may cause increases in the cost, or the availability of, materials, equipment and commodities utilized in our operations. We have experienced, and may continue to experience, delays and cost volatility of these items due to supply chain disruptions, inflationary pressures, tariffs, regulatory slowdowns and market disruptions. In addition, our customers' budgets may be impacted by cost increases and reduced customer spending could lead to fewer project awards and more competition. These costs may be impacted by government regulations, import duties and tariffs, changes in currency exchange rates, general economic conditions and other circumstances beyond our control. We are also exposed to

increases in energy prices, particularly as they relate to fuel prices for our fleet vehicles. Although we may attempt to pass on certain of these increased costs to our customers, we may not be able to pass all of these cost increases on to our customers. As a result, our margins may be adversely impacted by such cost increases.

Changes in energy prices may increase our costs, and we may not be able to pass along increased energy costs to our customers.

Energy prices fluctuate based on events outside of our control. We could be adversely affected by limitations on fuel supplies or increases in energy prices that result in higher transportation and equipment operation costs. Although we may be able to pass through the impact of energy price charges to some of our customers, we may not be able to pass all of these cost increases on to our customers. As a result, our margins may be adversely impacted by such cost increases.

We may be unable to identify and contract with qualified DBE contractors to perform as subcontractors.

Certain of our projects include contract clauses requiring DBE participation. The participation clauses may be in the form of a goal or in the form of a minimum amount of work that must be subcontracted to a DBE firm. If we fail to complete these projects with the minimum DBE participation, we may be held responsible for breach of contract, which may include restrictions on our ability to bid on future projects, as well as monetary damages. To the extent we are responsible for monetary damages, the total costs of the project could exceed the original estimates, we could experience reduced profits or a loss for that project, and there could be a material adverse impact to our financial position, results of operations, cash flows and liquidity. Further, if we contract with a DBE contractor that is not properly qualified to perform a commercially useful function, we could be held responsible for violation of federal, state or local laws related to DBE contracting.

Our participation in construction joint ventures exposes us to liability and/or harm to our reputation for failures of our partners.

As part of our business, we are a party to special purpose, project specific joint venture arrangements, pursuant to which we typically jointly bid on and execute particular projects with other companies in the construction industry. Success on these joint projects depends upon the various risks discussed elsewhere in this section and on whether our joint venture partners satisfy their contractual obligations.

We and our joint venture partners are generally jointly and severally liable for all liabilities and obligations of the joint ventures. If a joint venture partner fails to perform or is financially unable to bear its portion of required capital contributions or other obligations, including liabilities stemming from lawsuits, we could be required to make additional investments, provide additional services or pay more than our proportionate share of a liability to make up for our partner's shortfall. Furthermore, if we are unable to adequately address our partner's performance issues, the customer may terminate the project, which could result in legal liability to us, harm to our reputation and reduction to our profit on a project. We may be the controlling member of a joint venture; however, to the extent we are not controlling, we may have limited control over certain of the decisions made by the controlling member with respect to the work being performed by the joint venture. The other member(s) may not be subject to the same compliance and regulatory requirements. While we have processes and controls intended to mitigate risks associated with our joint ventures, to the extent the controlling member makes decisions that negatively impact the joint venture it could have a material adverse effect on our financial position, results of operations, cash flow and profits.

A significant portion of our business depends on our ability to provide surety bonds. Any difficulties in the financial and surety markets may cause a material adverse effect on our bonding capacity and availability.

Certain of our projects require construction surety bonds (bid, payment, and performance bonds). Historically, surety market conditions have experienced times of difficulty as a result of significant losses incurred by surety companies stemming from macroeconomic trends outside of our control. Consequently, during times when less overall bonding capacity is available in the market, surety terms have become more expensive and more restrictive. We cannot guarantee our ability to maintain a sufficient level of bonding capacity in the future, which could preclude our ability to bid for certain contracts or successfully contract with some customers. Additionally, even if we continue to be able to access bonding capacity to sufficiently bond future work, we may be required to post collateral to secure bonds, which would decrease the liquidity we would have available for other purposes. Our surety providers are under no commitment to guarantee our access to new bonds in the future; thus, our ability to access or increase bonding capacity is at the sole discretion of our surety providers. If our surety companies were to limit or eliminate our access to bonds, the alternatives would include seeking bonding capacity from other surety companies, increasing business with clients that do not require bonds and posting other forms of collateral for project performance, such as letters of credit or cash. We may be unable to secure these alternatives in a timely manner, on acceptable terms, or at all. As such, if we were to experience an interruption or reduction in the availability of bonding capacity, it is likely we would be unable to compete for or work on certain projects.

Our insurance policies against many potential liabilities require high deductibles. Additionally, difficulties in the insurance markets may adversely affect our ability to obtain necessary insurance.

Although we maintain insurance policies with respect to certain of our related exposures, certain of these policies are subject to high deductibles; as such, we are, in effect, self-insured for substantially all of our typical claims. Our estimates of liabilities for unpaid claims and associated expenses and the appropriateness of the estimated liability are reviewed and updated quarterly. However, insurance liabilities are difficult to assess and estimate due to the many relevant factors, the effects of which are often unknown, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents that have occurred but are not reported, and the effectiveness of our health, safety and quality programs. Our accruals are based on known facts, historical trends (both internal trends and industry averages) and our reasonable estimate of our future expenses. We believe our accruals are adequate. However, our risk management strategies and techniques may not be fully effective in mitigating the risk exposure in all market environments or against all types of risk. If any of the variety of instruments, processes or strategies we use to manage our exposure to various types of risk are not effective, we may incur losses that are not covered by our insurance policies (including potential punitive damages awards) or that exceed our accruals or coverage limits.

Additionally, in recent years, insurance markets have become more expensive and restrictive. Also, our prior casualty loss history might adversely affect our ability to procure insurance within commercially reasonable ranges. As such, we may not be able to maintain commercially reasonable levels of insurance coverage in the future, which could preclude our ability to work on many projects. Our insurance providers are under no commitment to renew our existing insurance policies in the future; therefore, our ability to obtain necessary levels or kinds of insurance coverage are subject to market forces outside our control. If we are unable to obtain necessary levels of insurance, we likely would be unable to compete for or work on most projects.

Our use of the cost-to-cost method of accounting could result in a reduction or reversal of previously recorded revenue or profits.

A material portion of our revenue is recognized using the cost-to-cost method of accounting, which results in recognizing contract revenue and earnings ratably over the contract term in the proportion that our actual costs bear to our estimated contract costs. The earnings or losses recognized on individual contracts are based on estimates of contract revenue, costs and profitability. We review our estimates of contract revenue, costs and profitability on an ongoing basis. Prior to contract completion, we may adjust our estimates on one or more occasions as a result of change orders to the original contract, collection disputes with the customer on amounts invoiced, or claims against the customer for increased costs incurred due to customer-induced delays and other factors. Contract losses are recognized in the fiscal period in which the loss is determined. Contract profit estimates are also adjusted in the fiscal period in which it is determined that an adjustment is required. As a result of the requirements of the cost-to-cost method of accounting, the possibility exists, for example, that we could have estimated and reported a profit on a contract over several periods and later determined, usually near contract completion, that all or a portion of such previously estimated and reported profits were overstated. If this occurs, the full aggregate amount of the overstatement will be reported for the period in which such determination is made, thereby offsetting all or a portion of any profits from other contracts that would be reported in such period, or even resulting in a loss being reported for such period. On a historical basis, in most business units, we believe that we have typically made reasonably reliable estimates of the progress towards completion on our long-term contracts. However, given the uncertainties associated with these types of contracts, it is possible for actual costs to materially and adversely vary from estimates previously made, which may result in reductions or reversals of previously recorded revenue and profits.

Earnings for future periods may be impacted by impairment charges for goodwill and intangible assets.

We carry a significant amount of goodwill and identifiable intangible assets on our consolidated balance sheets. Goodwill is the excess of purchase price over the estimated fair value of the net assets of acquired businesses. We assess goodwill for impairment each year, and more frequently if circumstances suggest an impairment may have occurred. We may determine in the future that a significant impairment has occurred in the value of our unamortized intangible assets or fixed assets, which could require us to write off a portion of our assets and could adversely affect our financial condition or reported results of operations.

Contractual warranty obligations could adversely affect our profits and cash flow.

We often warrant the services provided, typically as a function of contract, guaranteeing the work performed against defects in workmanship and the material we supply. If warranty claims occur, we could be required to repair or replace warrantied work in place at our cost. In addition, our customers may elect to repair or replace the warrantied item by using the services of another provider and require us to pay for the cost of the repair or replacement. Costs incurred as a result of warranty claims could adversely affect our financial position, results of operations and cash flows.

Recent and potential changes in U.S. trade policies and retaliatory responses from other countries may significantly increase the costs or limit supplies of raw materials and products used in our operations.

The U.S. federal government has in recent years imposed new or increased tariffs or duties on an array of imported materials and goods that are used in connection with our operations. Foreign governments and trading blocs have responded by imposing or increasing tariffs, duties and/or trade restrictions on U.S. goods, and may, from time to time, consider other measures. These trade conflicts and related escalating governmental actions that result in additional tariffs, duties and/or trade restrictions could increase our operating costs, cause disruptions or shortages in our supply chains and/or negatively impact the U.S., regional or local economies in which we operate, and, individually or in the aggregate, materially and adversely affect our business and our consolidated financial statements.

Rising inflation and/or interest rates, or deterioration of the United States economy could have a material adverse effect on our business, financial condition and results of operations.

Economic factors, including inflation and fluctuations in interest rates, recession and fears of recession could have a negative impact on our business. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. To the extent that Congress is unable to lower United States debt substantially or effectively increase the debt limit, a decrease in federal spending could result, which could negatively impact the ability of government agencies to fund existing or new infrastructure projects. Further, to the extent that Congress invests additional amounts in infrastructure during periods of labor shortages or supply chain disruptions, it may increase our costs or cause us not to find suitable labor, supplies, machinery or raw materials. In addition, all of such actions could have a material adverse effect on the financial markets and economic conditions in the United States and throughout the world, which may limit our ability and the ability of our customers to obtain financing and/or could impair our ability to execute our acquisition strategy. These and related economic factors could have a material adverse effect on our financial position, results of operations, cash flows and liquidity.

Continuing worldwide political and economic uncertainties may adversely affect our revenue and profitability.

The last several years have been periodically marked by political and economic concerns, including the COVID-19 pandemic, decreased consumer confidence, the effects of international conflicts such as wars between Russia and Ukraine and Israel and Hamas, tariffs, energy costs and inflation. This instability can make it extremely difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and could cause constrained spending on our services, delays and a lengthening of our business development efforts, the demand for more favorable pricing or other terms, and/or difficulty in collection of our accounts receivable. Further, this ongoing economic instability in the global markets could limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing business conditions or new opportunities. If economic conditions remain uncertain or weaken, our revenue and profitability could be adversely affected.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our Second A&R Wintrust Credit Agreement (as defined below) are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though any amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of the December 31, 2023, we had \$35.9 million of available borrowing capacity under the Second A&R Wintrust Revolving Loan (as defined below). In addition, we have entered into an interest rate swap on our Second A&R Wintrust Revolving Loan that involves the exchange of variable for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk and could be subject to credit risk themselves.

Failure to remain in compliance with covenants under our debt and credit agreements or service our indebtedness could adversely impact our business.

Our Second A&R Wintrust Credit Agreement and other debt obligations include certain debt covenants, some of which are financial in nature, are further described in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K. Our failure to comply with any of these covenants, or to pay principal, interest or other amounts when due thereunder, would constitute an event of default under the applicable agreements. Under certain circumstances, the occurrence of an event of default under one of these agreements (or the acceleration of the maturity of the indebtedness under one of these agreements) may constitute an event of default under one or more of our other debt or surety agreements. Default under our debt agreements could result in, among other things, us no longer being entitled to borrow

under one or more of the agreements, acceleration of the maturity of outstanding indebtedness under the agreements, and/or foreclosure on any collateral securing the obligations under the agreements. If we are unable to service our debt obligations, or if we are unable to comply with our financial or other debt covenants, and our indebtedness would become immediately due and payable, and we could be forced to curtail our operations, reorganize our capital structure (including through bankruptcy proceedings), or liquidate some or all of our assets in a manner that could cause holders of our securities to experience a partial or total loss of their investment.

We may not be able to generate sufficient cash flow to meet all of our existing or potential future debt service obligations.

Our ability to meet all of our existing or potential future debt service obligations (including those under our Second A&R Wintrust Credit Agreement, pursuant to which we may incur significant indebtedness), to refinance our existing or potential future indebtedness, and to fund our operations, working capital, acquisitions, capital expenditures, and other important business uses, depends on our ability to generate sufficient cash flow in the future. Our future cash flow is subject to, among other factors, general economic, industry, financial, competitive, operating, legislative and regulatory conditions, many of which are beyond our control.

We cannot assure that our business will generate sufficient cash flow from operations or that future sources of cash will be available to us on favorable terms, or at all, in amounts sufficient to enable us to meet all of our existing or potential future debt service obligations, or to fund our other important business uses or liquidity needs. Furthermore, if we incur additional indebtedness in connection with future acquisitions or for any other purpose, our existing or potential future debt service obligations could increase significantly and our ability to meet those obligations could depend, in large part, on the returns from such acquisitions or projects, as to which no assurance can be given.

Furthermore, our obligations under the terms of our borrowings could impact us negatively. For example, such obligations could:

- limit our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- increase our vulnerability to general economic and industry conditions; and
- require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our borrowings, thereby reducing our ability to use cash flow to fund our operations, capital expenditures and future business opportunities.

We may also refinance all or a portion of our indebtedness at or prior to the scheduled maturity. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things, (i) our business, financial condition, liquidity, results of operations, and then-current market conditions; and (ii) restrictions in the agreements governing our indebtedness. As a result, we may not be able to refinance any of our indebtedness or obtain additional financing on favorable terms, or at all.

If we do not generate sufficient cash flow from operations and additional borrowings or refinancings are not available to us, we may be unable to meet all of our existing or potential future debt service obligations. As a result, we would be forced to take other actions to meet those obligations, such as raising equity or delaying capital expenditures, any of which could have a material adverse effect on us. Furthermore, we cannot assure that we will be able to effect any of these actions on favorable terms, or at all.

Our obligation to contribute to multiemployer pension plans could give rise to significant expenses and liabilities in the future.

We contribute to approximately 40 multiemployer pension plans in the United States under collective bargaining agreements that generally provide pension benefits to employees covered by these agreements. Approximately 54% of our current employees are members of collective bargaining units. Our contributions to these plans were approximately \$11.6 million for the year ended December 31, 2023 and \$12.6 million for the year ended December 31, 2022. The costs of providing benefits through such plans have increased in recent years. The amount of any increase or decrease in our required contributions to these multiemployer pension plans will depend upon many factors, including the outcome of collective bargaining, actions taken by trustees who manage the plans, government regulations, the actual return on assets held in the plans and the potential payment of a withdrawal liability. Based upon the information available to us from the multiemployer pension plans' administrators, we believe that some of these multiemployer pension plans are underfunded. The unfunded liabilities of these plans may result in required increased future payments by us and the other participating employers. Underfunded multiemployer pension plans may impose a surcharge requiring additional pension contributions. Our risk of such increased payments may be greater if any of the

participating employers in these underfunded plans withdraws from the plan and is not able to contribute an amount sufficient to fund the unfunded liabilities associated with its participants in the plan.

With limited exception, an employer who is obligated under a collective bargaining agreement to contribute to a multiemployer pension plan is liable, upon termination of such contribution obligation to the plan or withdrawal from a plan, for its proportionate share of the plan's unfunded vested pension liabilities. In the event that we withdraw from participation in a plan, applicable law could require us to make withdrawal liability contributions to such plan, and we would have to reflect that liability and the related expense in our consolidated financial statements. Our withdrawal liability payable to an individual multiemployer pension plan would depend on the extent of the plan's funding of vested benefits. While we currently have no intention of withdrawing from a plan, and underfunded plan obligations have not affected our operations in the past, there can be no assurance that we will not be required to make material cash contributions to one or more of these plans in the future. If the multiemployer pension plans in which we participate have significant underfunded liabilities, such underfunding could increase the size of our potential withdrawal liability. No liability for underfunding of multiemployer pension plans was recorded in our consolidated financial statements for the years ended December 31, 2023 or 2022.

Increases in healthcare costs could adversely affect our financial results.

The costs of providing employee healthcare benefits have steadily increased over a number of years due to, among other things, rising healthcare costs and legislative requirements. Because of the complex nature of healthcare laws, as well as periodic healthcare reform legislation adopted by Congress, state legislatures, and municipalities, we cannot predict with certainty the future effect of these laws on our healthcare costs. Continued increases in healthcare costs or additional costs created by future health care reform laws adopted by Congress, state legislatures, or municipalities could adversely affect our results of operations and financial position.

Our business may be affected by the work environment.

We perform our work under a variety of conditions, including but not limited to, difficult terrain, difficult site conditions, and busy urban centers where delivery of materials and availability of labor may be impacted, clean-room environments where strict procedures must be followed, and sites which contain harsh or hazardous conditions, refineries and other process facilities. Performing work under these conditions can increase the cost of such work or negatively affect efficiency and, therefore, our profitability.

A pandemic, epidemic or outbreak of an infectious disease, such as the coronavirus (COVID-19), in the markets in which we operate or that otherwise impacts our facilities or suppliers could adversely impact our business.

If a pandemic, epidemic, or outbreak of an infectious disease, including the outbreak of any respiratory illness caused by COVID-19, or other public health crisis were to affect our markets or facilities or those of our suppliers, or customers, our business could be adversely affected. Consequences of a pandemic, epidemic or other infectious disease may include disruptions in or restrictions on our ability to travel. If such an infectious disease broke out at one or more of our offices, facilities or work sites, our operations may be adversely and materially affected, our productivity may be affected, our ability to complete projects in accordance with our contractual obligations may be affected, and we may incur increased labor and materials costs. If the customers with which we contract are affected by an outbreak of infectious disease, GCR and ODR work may be delayed or cancelled, and we may incur increased labor and materials costs. If our subcontractors with whom we work were affected by an outbreak of infectious disease, our labor supply may be affected and we may incur increased labor costs. In addition, we may experience difficulties with certain suppliers or with vendors in their supply chains, and our business could be affected if we become unable to procure essential equipment, supplies or services in adequate quantities and at acceptable prices. Further, infectious outbreaks have and could in the future cause disruption to the U.S. economy, or the local economies of the markets in which we operate, and may cause shortages of building materials, increased costs associated with obtaining building materials, affect job growth and consumer confidence, or cause economic changes, including the possibility of an economic recession or inflation, that we cannot anticipate. Overall, the potential impact of a pandemic, epidemic or outbreak of an infectious disease with respect to our markets or our facilities is difficult to predict and could adversely impact our business.

Future climate change could adversely affect us.

Greenhouse gas ("GHG") emissions are driving global climate change that is expected to have various impacts on our operations, ranging from more frequent extreme weather events to extensive governmental policy developments and shifts in our customers' preferences, which have the potential individually or collectively to significantly disrupt our business as well as negatively affect our suppliers, independent contractors and customers. Experiencing or addressing the various physical, regulatory and adaptation/transition risks from climate change may significantly reduce our revenue and profitability, or cause us to generate losses. For instance, incorporating greater resource efficiency into our solutions, whether to comply with upgraded building codes or recommended practices given a region's particular exposure to climate conditions, or undertaken to

satisfy demand from increasingly environmentally conscious customers or to meet our own sustainability goals, often raises our costs. In evaluating whether to implement voluntary improvements, we also consider that choosing not to enhance our buildings' resource efficiency can make them less attractive to municipalities, and increase the vulnerability of customers in our communities to rising energy and water expenses and use restrictions. We weigh the impact of the costs associated with offering more resource-efficient products against our priorities of generating higher returns and delivering solutions that are affordable to our customers. In balancing these objectives, we may determine we need to absorb most or all of the additional operating costs that come with making our solutions more efficient, which may be substantial for us.

Beyond the commercial pressures implicated by climate change concerns, our operations in any of our served markets may face its potential adverse physical effects. While we have safety protocols in place for our construction sites and take steps to safeguard our administrative functions, we can provide no assurance that we or our suppliers or other partners can successfully operate in areas experiencing a significant weather event or natural disaster, and we or they may be more impacted and take longer, and with higher costs, to resume operations in an affected location than other businesses, depending on the nature of the event or other circumstances.

International, federal, state and local authorities and legislative bodies have issued, implemented or proposed regulations, penalties, standards or guidance intended to restrict, moderate or promote activities consistent with resource conservation, GHG emission reduction, environmental protection or other climate-related objectives. Compliance with those directed at or otherwise affecting our business or our suppliers' (or their suppliers') operations, products or services, could increase our costs or delay or complicate our solutions, for example, due to a need to reformulate or redesign building materials or components, or source updated or upgraded items or equipment, or specially trained or certified independent contractors, in limited or restricted supply.

Adapting to or transitioning from the use of certain items or methods in construction or other solutions, or adjusting the products we offer to our customers, whether due to climate-related governmental rules or our supply chain, market dynamics or consumer preferences, can negatively affect our costs and profitability, production operations in affected markets and customer satisfaction during the transition period, which could be prolonged.

Climate change is an intrinsically complex global phenomenon with inherent residual risks across its physical, regulatory and adaptation/transition dimensions that cannot be mitigated given their wide-ranging, (sometimes unexpectedly) interdependent and largely unpredictable potential scope, nature, timing or duration. Therefore, we cannot provide any assurance that we have or can successfully prepare for, or are or will be able to reduce or manage, any of them to the extent they may arise. In addition, we may experience substantial negative impacts to our business if an unexpectedly severe weather event or natural disaster damages our operations or those of our suppliers or independent contractors in our primary markets or from the unintended consequences of regulatory changes that directly or indirectly impose substantial restrictions on our activities or adaptation requirements.

We may be affected by market or regulatory responses to climate change.

Growing public concern about climate change has resulted in the increased focus of local, state, regional, national, and international regulatory bodies on GHG emissions and climate change issues. Legislation to regulate GHG emissions has periodically been introduced in the U.S. Congress, and there has been a wide-ranging policy debate, both in the United States and internationally, regarding the impact of these gases and possible means for their regulation. The Biden Administration has made climate change and the limitation of GHG emissions one of its primary objectives, including a renewed commitment to the Paris Agreement and a Nationally Determined Contribution under such agreement that aims to reduce U.S. emissions by 50-52%, compared to a 2005 baseline, by 2030. Several states and geographic regions in the United States have also adopted legislation and regulations to reduce emissions of GHGs. Additional legislation or regulation by the federal government or state and local governments or agencies, and/or any international agreements to which the United States may become a party that control or limit GHG emissions or otherwise seek to address climate change, could result in increased compliance costs for us and our clients or have other impacts on our clients, including those who are involved in the exploration, production, or refining of fossil fuels, or who emit greenhouse gases through the combustion of fossil fuels or through the mining, manufacture, utilization, or production of materials or goods. Such policy changes could increase the costs of projects for our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for certain of our services, which could in turn have a material adverse effect on our business, financial condition, and results of operations. However, policy changes and climate legislation could also increase the overall demand for our services as our clients and partners work to comply with these policies, such as reducing their energy consumption, and developing integrated and sustainable solutions, which could have a positive impact on our business. We cannot predict with certainty what the effect of such regulation may be on us or our customers.

On March 6, 2024, the SEC finalized new rules that would require significant climate-related disclosures by public companies, including evaluation and disclosure of material climate-related risks and opportunities, GHG emissions inventory, climate-related targets and goals, and financial impacts of physical and transition risks (the "SEC Climate Rules"). As a result of the SEC Climate Rules, our legal, accounting, and other compliance expenses may increase significantly, and compliance efforts may divert management time and attention. We may also be exposed to legal or regulatory action or claims as a result of these new regulations. All of these risks could have a material adverse effect on our business, financial position, and/or stock price.

In addition, numerous states, municipalities and regulators have also adopted or proposed laws and policies on climate change, including GHG emission reduction targets and climate disclosure. For example, in September 2023, California became the first state to pass its own far-reaching mandatory disclosure bills which require any entity doing business in California that meets certain annual revenue thresholds to annually disclose publicly and provide independent third-party attestation on its global Scope 1 and Scope 2 GHG emissions beginning in 2026 for the prior fiscal year, and on its value chain (Scope 3) GHG emissions beginning in 2027.

The adoption of federal, state or local climate change legislation or regulatory programs to reduce emissions of GHGs and comply with disclosure obligations could require us to incur increased capital and operating costs, with resulting impact on product price and demand. We cannot predict when or in what form climate change legislation provisions and renewable energy standards may be enacted and what the impact of any such legislation or standards may have on our business, financial conditions or operations in the future.

Increasing scrutiny and changing expectations from investors and customers with respect to our environmental, social and governance practices may impose additional costs on us or expose us to reputational or other risks.

Investors have increased their emphasis on the environmental, social and governance ("ESG") practices of companies across all industries, including the environmental impact of operations and human capital management. Certain stockholders use third-party benchmarks or scores to measure a company's ESG practices and decide whether to invest in its common stock or engage with the company to require changes to its practices. In addition, our customers may evaluate our ESG practices or require that we adopt certain ESG policies as a condition of awarding contracts.

A failure to comply with investor or customer expectations and standards, which are evolving and vary considerably, or the perception that we have not responded appropriately to the growing concern for ESG issues, could result in reputational harm to our business and could have an adverse effect on us.

In addition, organizations that provide ratings information to investors on ESG matters may assign unfavorable ratings to us or our industry, which may lead to negative investor sentiment and the diversion of investment capital to other companies or industries, which could have a negative impact on our stock price and our costs of capital.

We are susceptible to adverse weather conditions, which may harm our business and financial results.

Our business may be adversely affected by severe weather in areas where we have significant operations. Repercussions of severe weather conditions may include:

- curtailment of services;
- suspension of operations;
- inability to meet performance schedules in accordance with contracts and potential liability for liquidated damages;
- injuries or fatalities;
- weather related damage to facilities;
- disruption of information systems;
- inability to receive machinery, equipment and materials at jobsites; and
- loss of productivity.

Information technology system failures, network disruptions or cyber security breaches could adversely affect our business.

We use sophisticated information technology systems, networks, and infrastructure in conducting some of our day-to-day operations and providing services to certain customers, including technology used for building designs, project modeling and scheduling. Information technology system failures, including suppliers' or vendors' system failures, could disrupt our

operations by causing transaction errors, processing inefficiencies, the loss of customers, other business disruptions, or the loss of employee personal information. In addition, these systems, networks, and infrastructure may in the future be vulnerable to deliberate cyber-attacks that interfere with their functionality or the confidentiality of our data or information or our customers' data or information. Increasingly advanced cyber-attacks against rapidly evolving computer technologies pose a risk to the security of our systems, networks, information and data. In addition, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks. Likewise, cyber incidents, including malicious cyber-attacks perpetrated on our employees and cyber incidents caused by third parties surreptitiously accessing our systems by other means, are an on-going risk to the security of the systems, networks, information and data of ours, our customers, subcontractors and suppliers. While we have security, internal control and technology measures in place to protect our systems and networks, confidential business information, personal data of ours, our customers, employees, suppliers and subcontractors, our information technology systems and those of our third-party service providers have been and may in the future be subject to system breaches. System breaches can lead to disclosure, modification and destruction of proprietary business data, personally identifiable information, other sensitive information, production downtime or loss of business, and damage to our reputation, competitiveness and operations. In addition, flexible working arrangements at our corporate offices increased as a result of the COVID-19 pandemic, and these arrangements have resulted in a higher extent of remote working. This and other possible changing work practices may adversely impact our ability to maintain the security, proper function and availability of our information technology and systems since remote working by our employees could strain our technology resources and introduce operational risk, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that have sought, and may seek, to exploit remote working environments. Of special note is our risk when implementing new capabilities. The implementation of new systems and information technology could adversely impact our operations by requiring substantial capital expenditures, diverting management's attention, or causing delays or difficulties in transitioning to new systems. As we implement new systems, many times both new and old systems run in parallel until all processes have successfully transferred to the new system and thorough testing has been performed. These events could impact our customers, suppliers, subcontractors, employees, our financial reporting and our reputation and lead to financial losses from remediation actions, loss of business or potential liability, or an increase in expense, all of which may have a material adverse effect on our business. Our systems implementations may also not result in productivity improvements at the levels anticipated. In addition, current and future laws and regulations governing data privacy and the unauthorized disclosure of confidential information, including, but not limited to rules implemented by the SEC in 2023, may pose complex compliance challenges and result in additional costs. A failure to comply with such laws and regulations could result in penalties or fines, legal liabilities or reputational harm. The continuing and evolving threat of cyber-attacks has also resulted in increased regulatory focus on risk management and prevention. New cyber-related regulations or other requirements could require significant additional resources and cause us to incur significant costs, which could have an adverse effect on our results of operations and cash flows.

Changes to our outsourced software or infrastructure vendors as well as any sudden loss, breach of security, disruption or unexpected data or vendor loss associated with our information technology systems could have a material adverse effect on our business.

We rely on third-party software and infrastructure to run critical accounting, project management and financial information systems. If software or infrastructure vendors decide to discontinue further development, integration or long-term maintenance support for our information systems, or there is any system interruption, delay, breach of security, loss of data or loss of a vendor, we may need to migrate some or all of our accounting, project management and financial information to other systems. These disruptions could increase our operational expense as well as impact the management of our business operations, which could have a material adverse effect on our financial position, results of operations, cash flows and liquidity.

We have subsidiary operations throughout the United States and are exposed to multiple state and local regulations, as well as federal laws and requirements applicable to government contractors. Changes in laws, regulations or requirements, or a material failure of any of our subsidiaries or us to comply with any of them, could increase our costs and have other negative impacts on our business.

As of December 31, 2023, our business units operate in 22 states, which exposes us to a variety of state and local laws and regulations, particularly those pertaining to contractor licensing requirements. These laws and regulations govern many aspects of our business, and there are often different standards and requirements in different locations. In addition, our subsidiaries that perform work for federal government entities are subject to additional federal laws and regulatory and contractual requirements. Changes in any of these laws, or any subsidiary's material failure to comply with them, can adversely impact our operations by, among other things, increasing costs, distracting management's time and attention from other items, and harming our reputation.

As Federal Government Contractors under applicable federal regulations, our subsidiaries are subject to a number of rules and regulations, and our contracts with government entities are subject to audit. Violations of the applicable rules and regulations could result in a subsidiary being barred from future government contracts.

Federal Government Contractors must comply with many regulations and other requirements that relate to the award, administration and performance of government contracts. A violation of these laws and regulations could result in imposition of fines and penalties, the termination of a government contract, or debarment from bidding on government contracts in the future. Further, despite our decentralized nature, a violation at one of our locations could impact the ability of the other locations to bid on and perform government contracts; additionally, because of our decentralized nature, we face risk in maintaining compliance with all local, state and federal government contracting requirements. Prohibition against bidding on future government contracts could have an adverse effect on our financial position, results of operations and cash flows.

Past and future environmental, safety and health regulations could impose significant additional costs on us that reduce our profits.

The systems we install are subject to various statutes and regulations. There can be no assurance that the regulatory environment in which we operate will not change significantly in the future. Various local, state and federal laws and regulations impose licensing standards on technicians who install and service mechanical systems. And additional laws, regulations and standards apply to contractors who perform work that is being funded by public money, particularly federal public funding. Our failure to comply with these laws and regulations could subject us to substantial fines, the loss of licenses or potential debarment from future publicly funded work. It is impossible to predict the full nature and effect of judicial, legislative or regulatory developments relating to health and safety regulations and environmental protection regulations applicable to our operations.

Our failure to comply with immigration laws and labor regulations could affect our business.

In certain markets, we rely heavily on our immigrant labor force. We have taken steps that we believe are sufficient and appropriate to ensure compliance with immigration laws. However, we cannot provide assurance that our management has identified, or will identify in the future, all undocumented immigrants who work for us. The failure to identify such illegal immigrants may result in fines or other penalties being imposed upon us, which could have a material adverse effect on our financial position, results of operations and cash flows.

Risks Related to Ownership of Our Common Stock

The price of our common stock may be volatile.

The market price of our common stock has been volatile and may be volatile in the future, and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include, among other things:

- actual or anticipated variations in our quarterly results of operations;
- recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to us;
- political and economic conditions, such as a recession;
- news reports relating to trends, concerns and other issues in the financial services industry generally;
- perceptions in the marketplace regarding us and/or our competitors;
- the addition or departure of key personnel;
- new technology used, or services offered, by competitors; and
- changes in government regulations.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Future sales of our common stock may cause our common stock price to decline.

Any transfer or sales of substantial amounts of our common stock in the public market or the perception that such transfer or sales might occur may cause the market price of our common stock to decline. As of March 12, 2024, we had an aggregate of 11,131,702 shares of our outstanding common stock, of which 1,095,177 shares were held by our current directors and officers. There were no holders of greater than 10% of our common stock as of March 12, 2024. If a substantial number of these shares are sold in the public market, the trading price of our common stock may decline.

In addition, our Board of Directors has the power, without stockholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected.

Future equity issuances could result in dilution, which could cause our common stock price to decline.

We are generally not restricted from issuing additional shares of our common stock, up to the 100,000,000 shares of voting common stock authorized by our second amended and restated certificate of incorporation, which could be increased by a vote of the holders of a majority of our shares. In addition, we may issue additional shares of our common stock in the future pursuant to current or future equity compensation plans, upon conversions of preferred stock or debt, upon exercise of warrants or in connection with future acquisitions or financings. If we choose to raise capital by selling shares of our common stock for any reason, the issuance would have a dilutive effect on the holders of our common stock and could have a material negative effect on the market price of our common stock.

If equity research analysts publish unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline.

The trading market for our common stock could be affected by equity research analysts' research or reports about us and our business. The price of our stock could decline if one or more securities analysts downgrade our stock or if analysts issue other unfavorable commentary about us or our business. In addition, if any of these analysts ceases coverage of us, we could lose visibility in the market, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

We have not declared any dividends on our common stock to date and have no expectation of doing so in the foreseeable future.

The payment of cash dividends on our common stock rests within the discretion of our Board of Directors and will depend, among other things, upon our earnings, unencumbered cash, capital requirement and our financial condition, as well as other relevant factors. To date, we have not paid dividends on our common stock nor do we anticipate that we will pay dividends in the foreseeable future. As of December 31, 2023, we do not have any preferred stock outstanding that has any preferential dividends.

Provisions in our organizational documents and Delaware or certain other state laws could delay or prevent a change in control of our company, which could adversely affect the price of our common stock.

The provisions of our Certificate of Incorporation and our bylaws could have the effect of delaying, deferring or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed in part to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Our Certificate of Incorporation and our bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, including the following:

- ***Board of Directors' vacancies.*** Our Certificate of Incorporation authorizes our Board of Directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our Board of Directors is permitted to be set only by a resolution adopted by a majority vote of our Board of Directors, provided the number of directors may not be fewer than one and not more than nine. These provisions prevent a stockholder from increasing the size of our Board of Directors and then gaining control of our Board of Directors by filling the resulting vacancies

with its own nominees. This makes it more difficult to change the composition of our Board of Directors but promotes continuity of management.

- **Classified board.** Our Certificate of Incorporation provides that our Board of Directors is classified into three classes of directors, each with staggered three-year terms. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.
- **Stockholder action: special meetings of stockholders.** Our Certificate of Incorporation provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws. Further, our bylaws provide that special meetings of our stockholders may be called only by the chairperson of our Board of Directors, our President and Chief Executive Officer or our Board of Directors pursuant to a resolution of a majority of our Board of Directors, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.
- **Advance notice requirements for stockholder proposals and director nominations.** Our bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our bylaws also specify certain requirements regarding the form and content of a stockholder's notice. In addition, any stockholder nomination must meet the requirements of Rule 14a-19(b) under the Exchange Act. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- **Directors removed only for cause.** Our Certificate of Incorporation provides that stockholders may remove directors only for cause, which may delay the ability of our stockholders to remove directors from our Board of Directors.
- **Issuance of undesignated preferred stock.** Following the repurchase of all of our previously issued shares of Class A Preferred Stock, our Board of Directors has the authority, without further action by the stockholders, to issue up to 600,000 additional shares of undesignated preferred stock with rights and preferences, including voting rights, designated time to time by our Board of Directors. The existence of authorized but unissued shares of preferred stock enables our Board of Directors to render more difficult or to discourage an attempt to obtain control of us by merger, tender offer, proxy contest or other means.
- **Amendment of charter provisions.** Any amendment of the above provisions in our Certificate of Incorporation requires approval by holders of at least 66.67% of our outstanding common stock.
- **No cumulative voting.** The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our Certificate of Incorporation does not provide for cumulative voting.
- **Choice of forum.** Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our Certificate of Incorporation or our bylaws; any action asserting a claim against us that is governed by the internal affairs doctrine. This provision is not intended to apply to claims arising under the Securities Act and the Exchange Act. To the extent the provision could be construed to apply to such claims, there is uncertainty as to whether a court would enforce the provision in such respect, and our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder.

General Risk Factors

Failure or circumvention of our disclosure controls and procedures or internal controls over financial reporting could seriously harm our financial condition, results of operations, and business.

We plan to continue to maintain and strengthen internal controls and procedures to enhance the effectiveness of our disclosure controls and internal controls over financial reporting. Any system of controls, however well designed and operated, is based in

part on certain assumptions and can provide only reasonable, and not absolute, assurances that the objectives of the system are met. Any failure of our disclosure controls and procedures or internal controls over financial reporting could harm our financial condition and results of operations.

Our management has concluded that our disclosure controls and procedures and internal control over financial reporting are effective. However, if we are unable to establish and maintain effective disclosure controls and internal control over financial reporting or have material weaknesses in our internal control over financial reporting, our ability to produce accurate financial statements on a timely basis could be impaired, and the market price of our securities may be negatively affected.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. However, if we were unable to maintain effective internal control over financial reporting, or if we identify additional material weaknesses in our internal control over financial reporting, our management would be unable to assert in future reports that our disclosure controls and procedures and our internal control over financial reporting are effective. This could cause investors, counterparties and customers to lose confidence in the accuracy and completeness of our financial statements and reports and have a material adverse effect on our liquidity, access to capital markets and perceptions of our creditworthiness and/or a decline in the market price of our common stock. In addition, we could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which could require additional financial and management resources. These events could have a material adverse effect on our business, financial condition and results of operations.

Actual and potential claims, lawsuits and proceedings could ultimately reduce our profitability and liquidity and weaken our financial condition.

We have been and will continue to be named as a defendant in legal proceedings claiming damages in connection with the operation of our business. These actions and proceedings may involve claims for, among other things, compensation for alleged personal injury, workers' compensation, employment law violations and/or discrimination, breach of contract, or property damage. In addition, we may be subject to lawsuits involving allegations of violations of the Fair Labor Standards Act and state wage and hour laws. We may also face allegations of violations of applicable securities laws, including the possibility of class action lawsuits. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such actions or proceedings. We also are, and will likely continue to be from time to time, a plaintiff in legal proceedings against customers, or will pursue claims against our customers prior to litigation in which we seek to recover payment of contractual amounts we are owed, as well as claims for increased costs we incur. When appropriate, we will establish provisions against possible exposures, and adjust these provisions from time to time according to ongoing exposure. If the assumptions and estimates related to these exposures prove to be inadequate or inaccurate, we could experience a reduction in our profitability and liquidity and a weakening of our financial condition. In addition, claims, lawsuits and proceedings may harm our reputation or divert management resources away from operating the business.

Force majeure events, including natural disasters and terrorists' actions, could negatively impact our business, which may affect our financial position, results of operations or cash flows.

Force majeure, or extraordinary events beyond the control of the contracting parties, such as natural and man-made disasters, terrorist actions, and state and federal government shutdowns, could negatively impact us. We attempt to negotiate contract language seeking to mitigate force majeure events in both public and private client contracts. When successful, we remain obligated to perform our services after most extraordinary events subject to relief that may be available pursuant to a force majeure clause. If we are not able to react quickly to force majeure events, our operations may be affected significantly, which may have a negative impact on our financial position, results of operations and cash flows.

Deliberate, malicious acts, including terrorism and sabotage, could damage our facilities, disrupt our operations or injure employees, contractors, customers or the public and result in liability to us.

Intentional acts of theft, vandalism and destruction could damage or destroy our facilities, as well as the materials and equipment our labor forces are installing, thereby reducing our operational production capacity and requiring us to repair or replace facilities or installed work at substantial cost. Additionally, employees, contractors and the public could suffer substantial physical injury from acts of terrorism for which we could be liable. Governmental authorities may also impose security or other requirements that could make our operations more difficult or costly. The consequences of any such actions could adversely affect our financial position, results of operations and cash flows.

A change in tax laws or regulations of any federal or state jurisdiction in which we operate could increase our tax burden and otherwise adversely affect our financial position, results of operations, cash flows and liquidity.

We continue to assess the impact of various U.S. federal or state legislative proposals that could result in a material increase to our U.S. federal or state taxes. We cannot predict whether any specific legislation will be enacted or the terms of any such legislation. However, if such proposals were to be enacted, or if modifications were to be made to certain existing regulations, the consequences could have a material adverse impact on us, including increasing our tax burden, increasing the cost of tax compliance or otherwise adversely affecting our financial position, results of operations and cash flows.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

The Company's Board of Directors recognizes the critical importance of developing, implementing, and maintaining robust cybersecurity measures to assess, identify, and manage material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things, internal information technology risks; system security risks; data protection; risks to proprietary business information; intellectual property theft; fraud; extortion; harm to employees, partners, or customers; violation of privacy or security laws and other litigation and legal risk; and reputational risks. The Company has implemented a cybersecurity risk management program that aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework to manage such material risks and to safeguard the Company's information systems, protect the confidentiality, integrity, and availability of the Company's data, and maintain the trust and confidence of our customers, business partners and employees.

Risk Management and Strategy

The Board of Directors is actively involved in oversight of the Company's risk management framework and the Company's cybersecurity risk management practices are strategically integrated into its broader risk management framework to promote a company-wide culture of cybersecurity risk management. This integration attempts to ensure that cybersecurity considerations are an integral part of decision-making processes throughout the Company. The Company's risk management team works closely with the Company's IT department to continuously evaluate and address cybersecurity risks in alignment with the Company's overall business objectives and operational needs. The Company has implemented controls and procedures that are designed to provide for the prompt escalation of any cybersecurity concerns so that management, the Audit Committee, and the Board of Directors receive appropriate information in a timely manner.

Due to the complexity and evolving nature of cybersecurity threats, the Company has engaged from time-to-time external experts, including cybersecurity assessors, third-party legal consultants, and auditors, to evaluate and test its risk management systems. The Company engages these third-parties to conduct regular audits, threat assessments and consultation on security enhancements. These interactions are intended to enable the Company to leverage specialized knowledge and insights, in an attempt to ensure its cybersecurity strategies and processes remain at the forefront of industry practices.

In furtherance of assessing, identifying, and managing material cybersecurity risks; the Company:

- Employs advanced technology solutions, such as proactive detection tools, to safeguard our assets and identify threats within its environment.
- Conducts routine cyber education and awareness training sessions to empower employees with the necessary knowledge and cultivate a strong security culture across the organization.
- Regularly assesses our cybersecurity program against the NIST Cybersecurity Framework, using the findings to develop action plans and track progress to completion.
- Organizes tabletop exercises and drills to simulate cyber incidents, enhancing its incident response and recovery capabilities.
- Analyzes internal and external cybersecurity incidents and threat intelligence to assess their relevance to its environment and industry, crafting actionable plans accordingly.
- Manages an enterprise-wide disaster recovery governance program, including cybersecurity-related standards and compliance procedures.
- Performs regular cybersecurity-related disaster recovery testing to ensure the recoverability of its critical systems, supporting business continuity across various lines.

- Fosters integration between business units and corporate divisions with its internal cybersecurity team, embedding cybersecurity requirements into operational environments and influencing strategic decisions, budgeting, and processes (e.g., Security by Design). Additionally, senior management, executives, and the Board of Directors consistently review financial planning processes concerning cybersecurity initiatives.

Additionally, the Company is aware of the risks associated with third-party service providers, it implements stringent processes to oversee and manage these risks. The Company conducts security assessments of third-party technology providers before engagement and maintains ongoing monitoring to ensure compliance with Company cybersecurity standards. The monitoring includes assessments (e.g., reviewing vendor cybersecurity related attestation and disclosures (SOC 2 Type 2, etc.)) by the Company's Chief Information Officer ("CIO") and on an ongoing basis by its security engineers.

Governance

The Company's Board of Directors believes it understands the significance of risks associated with cybersecurity threats to its operational integrity and stakeholder confidence and believes it has established mechanisms to effectively manage such risks based on the current understanding of the threat environment. As part of the Company's entire Board of Directors operational risk management responsibilities, it has oversight of risks from cybersecurity threats. Notwithstanding that fact, the full Board of Directors has been designated the primary responsibility for oversight of the Company's cybersecurity risk management. As discussed below, members of management report the entire Board of Directors about cybersecurity threat risks, among other cybersecurity related matters, at least annually and management also reports to the Audit Committee with respect to cybersecurity risks with financial statement or financial statement reporting implications. The Audit Committee routinely interacts and reports out to the entire Board of Directors on these matters.

The Board of Directors is composed of members with diverse expertise including, risk management, technology, and finance domain expertise, equipping them to oversee cybersecurity risks effectively.

The Board of Directors and the Audit Committee receive briefings from the Company's Senior Vice President and CIO, Executive Vice President and Chief Financial Officer ("CFO") and President and Chief Executive Officer ("CEO") on a regular basis, with a minimum frequency of once per year. These briefings encompass a broad range of topics, including:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies;
- Incident reports and learnings from any cybersecurity events; and
- Compliance with regulatory requirements and industry standards.

In addition to their regularly scheduled meetings, Board members, the CIO, CFO and CEO regularly engage in ad hoc conversations regarding emerging or potential cybersecurity risk and developments in the cybersecurity domain. The Board of Directors actively participates in strategic decisions related to cybersecurity, offering guidance and approval for major initiatives. This involvement ensures that cybersecurity considerations are integrated into the broader strategic objectives of the Company. The Board of Directors conducts an annual review of the Company's cybersecurity posture and the effectiveness of its risk management strategies. This review helps in identifying areas for improvement and ensuring the alignment of cybersecurity efforts with the overall risk management framework.

Christos Ruci, the Company's CIO, is the member of the Company's management team primarily responsible for assessing, monitoring and managing the Company cybersecurity program. Mr. Ruci has over 20 years of experience in the field of technology and security including extensive experience as an enterprise CIO, as well as consulting experience advising organizations on their technology and risk profiles. The Company believes Mr. Ruci's in-depth knowledge and experience are instrumental in developing and designing, implementing and executing the Company's cybersecurity strategies.

The Company's CIO oversees the day-to-day implementation of the Company's cybersecurity risk management programs, tests its compliance with standards, remediates known risks, and leads its employee training program. The CIO is tasked with keeping informed about the latest developments in cybersecurity, including potential threats and innovative risk management techniques, in an attempt to assist in effectively preventing, detecting, mitigating, and remediating cybersecurity incidents. The CIO implements and oversees processes for the regular monitoring of the Company's information systems, including the deployment of advanced security measures and regular system audits to identify potential vulnerabilities. In the event of a cybersecurity incident, the CIO is responsible for implementing the Company's incident response plan to mitigate the cybersecurity incident's immediate impact, implement long-term strategies for remediation, and prevent future incidents.

The CIO regularly informs the Company's CEO and CFO of material aspects related to cybersecurity risks and incidents. This ensures that the highest levels of management are kept abreast of the cybersecurity posture and potential risks facing the Company.

As of the date hereof, the Company has not encountered cybersecurity incidents that the Company believes to have been material to the Company taken as a whole.

Item 2. Properties

As of December 31, 2023, the Company maintained its principal executive offices and corporate headquarters at 797 Commonwealth Drive, Warrendale, Pennsylvania. The Company has 19 offices throughout the United States. Those business units and offices (summarized below) are spread throughout the eastern portion of the country. All of the Company's business units support both the GCR and ODR operating segments. The Company believes that its current facilities are suitable and adequate to meet its current needs and that suitable additional or substitute space will be available as needed.

Business Unit	Office Location	Owned or Leased	Approximate Size
ACME Industrial Piping, LLC	Chattanooga, Tennessee	Leased	51,766 square feet
Eastern Pennsylvania	Warrington, Pennsylvania	Leased	27,443 square feet
Limbach Facility & Project Solutions LLC	Franklin, Tennessee ⁽¹⁾	Leased	N/A
Industrial Air, LLC	Greensboro, North Carolina	Leased	71,672 square feet
Jake Marshall LLC	Chattanooga, Tennessee	Leased	159,429 square feet
Michigan	Pontiac, Michigan ⁽²⁾	Leased	74,000 square feet
Michigan	Lansing, Michigan	Leased	18,692 square feet
Michigan	Detroit, Michigan	Leased	2,155 square feet
Mid-Atlantic	Laurel, Maryland	Leased	50,133 square feet
New England	Wilmington, Massachusetts	Leased	30,995 square feet
New Jersey	East Brunswick, New Jersey	Leased	4,200 square feet
Ohio	Columbus, Ohio (4 locations)	Leased	130,144 square feet
Ohio	Athens, Ohio	Leased	3,000 square feet
Orlando / Limbach Collaborative Services / Corporate	Lake Mary, Florida	Leased	60,794 square feet
Orlando	Orlando, Florida	Leased	4,240 square feet
Southeastern Florida	Boynton Beach, Florida	Leased	9,631 square feet
Tampa / Corporate	Tampa, Florida	Leased	13,739 square feet
Western Pennsylvania / Corporate	Warrendale, Pennsylvania	Leased	19,718 square feet
Western Pennsylvania	Greensburg, Pennsylvania	Leased	5,000 square feet
Other Properties:			
Southern California	Seal Beach, California ⁽³⁾	Leased	88,507 square feet
Corporate	Bronxville, New York	Leased	250 square feet

⁽¹⁾ The Company holds a shared space working arrangement in which it pays a monthly fee to utilize certain co-working space and common office amenities.

⁽²⁾ On September 29, 2022, Limbach Company LLC and Royal Oak Acquisitions consummated the purchase of this real property under a sale and leaseback transaction. In connection with the sale and leaseback transaction, LC LLC and Featherstone St Pontiac MI LLC entered into a lease agreement for the Pontiac facility. See Note 7 – Debt in the accompanying notes to the Company's consolidated financial statements for further information on the Sale-Leaseback Financing Transaction.

⁽³⁾ In June 2021, the Company entered into a sublease agreement with a third party for the entire ground floor of its leased space in Southern California, consisting of 71,787 square feet. During the first quarter of 2022, the Company entered into an amendment to the aforementioned sublease agreement, which, among other things, expanded the sublease premises to include the entire second floor of its leased space in Southern California, consisting of 16,720 square feet. See Note 14 – Leases in the accompanying notes to the Company's consolidated financial statements for further information on the Southern California Sublease.

Item 3. Legal Proceedings

See Note 13 – Commitments and Contingencies in the accompanying notes to the Company's consolidated financial statements for further information regarding the Company's legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

Information About Our Executive Officers

Name	Age	Title
Michael M. McCann ⁽¹⁾	42	President, Chief Executive Officer and Director
Jayme L. Brooks	53	Executive Vice President and Chief Financial Officer
Jay A. Sharp ⁽²⁾	58	President of Limbach
Nicholas S. Angerosa ⁽²⁾	47	President of Harper Limbach

⁽¹⁾ On January 17, 2023, the Company announced its planned transition succession, pursuant to which Charles A. Bacon, III stepped down as President and Chief Executive Officer on March 28, 2023, and Michael M. McCann, the Company's former Executive Vice President and Chief Operating Officer, was appointed President and Chief Executive Officer.

⁽²⁾ In conjunction with the aforementioned planned transition succession, Jay A. Sharp was promoted to the position of President of the following entities: Limbach Company LLC, Limbach Company LP, Jake Marshall LLC and Limbach Facility & Project Solutions LLC. In addition, Nick S. Angerosa continued as President of Harper Limbach LLC ("Harper Limbach"), a Florida-based subsidiary, and was elevated to join the senior management team.

Michael M. McCann has served as the President and Chief Executive Officer and a Director of the Company since March 2023. Prior to his appointment as President and Chief Executive Officer and a Director of the Company, Mr. McCann served as the Company's Executive Vice President and Chief Operating Officer since November 2019, after having been appointed Co-Chief Operating Officer, effective January 2019. Mr. McCann joined the Company in 2010 as Vice President and Branch Manager of Harper Limbach's Tampa business unit. After growing the Tampa business for almost three years, Mr. McCann became President of Harper Limbach. His duties included all aspects of the Company's construction operations, with primary responsibilities including oversight of risk management, sharing of best practices, and development of operational talent. Mr. McCann has a Bachelor of Science in Mechanical Engineering from Worcester Polytechnic Institute and a Master of Business Administration degree from Drexel University.

Jayme L. Brooks serves as the Executive Vice President and Chief Financial Officer of the Company, since October 2019. Mrs. Brooks served as Executive Vice President and Chief Financial Officer of Capstone Turbine Corporation, a publicly traded manufacturer of microturbine energy systems, from April 2019 until September 2019, and as its Chief Financial Officer and Chief Accounting Officer from April 2015 to April 2019. Previously, Mrs. Books also served as Vice President of Financial Planning and Analysis, Interim Chief Accounting Officer and Director of Financial Reporting of Capstone Turbine Corporation. Previously, she served as Vice President and Controller of Computer Patent Annuities North America LLC, a company providing solutions for intellectual property management, including renewal services, software tools and portfolio management. Mrs. Brooks holds a Bachelor of Arts degree in Business Economics from the University of California at Santa Barbara and a Master of Business Administration degree from the Fuqua School of Business at Duke University. Mrs. Brooks is a Certified Public Accountant (active) licensed in California.

Jay A. Sharp has served as President of the following entities: Limbach Company LLC, Limbach Company LP, Jake Marshall LLC and Limbach Facility & Project Solutions LLC since January 2023. Prior to his appointment as President to certain of the Company's entities, Mr. Sharp served as the Company's Executive Vice President, Regional Manager since March 2020, in which he had oversight for the Midwest region of the Company. Mr. Sharp also ran the Company's Ohio business unit from August 2005 to March 2020 and served in various capacities at Limbach from 1990 to 2006. Mr. Sharp received his bachelor's degree in 1988 from Messiah College through a partnership with Temple University in Philadelphia PA, and completed Columbia University's Senior Executive Management program in 2013. Mr. Sharp has played an active role in the construction industry serving on the board of MCACO Board of Directors and has been a Labor Management Trustee for Local 24 from 2011 through 2021.

Nicholas S. Angerosa has served as President of Harper Limbach since July 2020, which includes the following entities: Harper Limbach LLC and Harper Limbach Construction LLC. Prior to his appointment as President of Harper Limbach, Mr. Angerosa served as the Company's Senior Vice President and Branch Manager from May 2018 to July 2020, in which he oversaw the Tampa business unit. Before joining Harper Limbach, Mr. Angerosa worked as a Project Manager and Division Manager with The Poole & Kent Company of Florida, a specialty mechanical and general contractor, from October 1996 to May 2012.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

The Company's common stock is traded on The Nasdaq Capital Market under the symbol "LMB".

Holders

At March 12, 2024, there were 32 holders of record of the Company's common stock.

Shares Issued from the Exercise of Warrants

During the year ended December 31, 2023, 600,000 \$15 Exercise Price Sponsor Warrants and 606,476 Merger Warrants were exercised on a cashless basis by the holders of the warrants, which resulted in the warrants being converted into, and the Company issuing, 167,564 and 274,742 shares of the Company's common stock, respectively. The Company received no proceeds from the cashless exercise of the \$15 Exercise Price Sponsor Warrants or the Merger Warrants. The remaining 23,167 unexercised Merger Warrants expired by their terms on July 20, 2023. See Note 8 – Equity in the accompanying notes to the Company's consolidated financial statements for further information.

Securities Authorized for Issuance under Equity Compensation Plans Information

The information called for by this item is incorporated herein by reference to the material under the caption, "Equity Compensation Plan Information" in the Proxy Statement.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from its management's expectations. Factors that could cause such differences are discussed in "Forward-Looking Statements", "Risk Factor Summary" and "Risk Factors" in this Annual Report. The Company assumes no obligation to update any of these forward-looking statements, unless required to do so by applicable law.

Overview

The Company is a building systems solution firm that partners with building owners and facilities managers who have mission critical mechanical (heating, ventilation and air conditioning), electrical, and plumbing infrastructure. The Company strives to be an indispensable partner to its customers by providing services that are essential to the operation of their businesses. The Company has more than 1,400 team members in 19 offices across the eastern United States. The Company's team members uniquely combine engineering expertise with field installation skills to provide custom solutions that leverage its full life-cycle capabilities, which allows it to address both the operational and capital projects needs of its customers.

The Company's core market sectors consist of the following customer base with mission-critical systems:

- **Healthcare**, including research, acute care and inpatient hospitals for regional and national hospital groups, and pharmaceutical and biotech laboratories and manufacturing facilities;
- **Industrial and manufacturing**, including automotive, energy and general manufacturing plants;
- **Data Centers**, including facilities composed of networked computers, storage systems and computing infrastructure that organizations use to assemble, process, store and disseminate large amounts of data;
- **Life sciences**, including organizations and companies whose work is centered around research and development focused on living things;
- **Higher Education**, including both public and private colleges, universities and research centers; and
- **Cultural and entertainment**, including sports arenas, entertainment facilities (including casinos) and amusement rides and parks.

The Company operates in two segments, (i) GCR, in which the Company generally manages new construction or renovation projects that involve primarily mechanical, plumbing, or electrical services awarded to the Company by general contractors or construction managers, and (ii) ODR, in which the Company performs owner direct projects and/or provides maintenance or

service primarily on mechanical, plumbing or electrical systems, building controls and specialty contracting projects direct to, or assigned by, building owners or property managers.

Key Components of Consolidated Statements of Operations

Revenue

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

The Company generally invoices customers monthly based on a schedule of values that breaks down the contract amount into discrete billing items. Costs and estimated earnings in excess of billings are recorded as a contract asset until billable under the contract terms. Billings in excess of costs and estimated earnings are recorded as a contract liability until the related revenue is recognizable.

Cost of Revenue

Cost of revenue primarily consists of the labor, equipment, material, subcontract and other job costs in connection with fulfilling the terms of the Company's contracts. Labor costs consist of wages plus taxes, fringe benefits and insurance. Equipment costs consist of the ownership and operating costs of company-owned assets, in addition to outside-rented equipment. If applicable, job costs include estimated contract losses to be incurred in future periods. Due to the varied nature of the Company's services, and the risks associated therewith, contract costs as a percentage of contract revenue have historically fluctuated, and this fluctuation is expected to continue in future periods.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses consist primarily of personnel costs for its administrative, estimating, human resources, safety, information technology, legal, finance and accounting employees and executives. Also included are non-personnel costs, such as travel-related expenses, legal and other professional fees and other corporate expenses to support the growth of the Company's business and to meet the compliance requirements associated with operating as a public company. Those costs include accounting, human resources, information technology, legal personnel, additional consulting, legal and audit fees, insurance costs, board of directors' compensation and the costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

Change in fair value of contingent consideration

The change in fair value of contingent consideration relates to the remeasurement of the contingent consideration arrangements resulting from each of the Jake Marshall, LLC ("JMLLC"), Coating Solutions, LLC ("CSLLC") (together with JMLLC, the Jake Marshall Transaction), the ACME Transaction and the Industrial Air Transaction. As a part of the total consideration for the Jake Marshall, ACME and Industrial Air transactions, the Company initially recognized \$3.1 million, \$1.5 million and \$3.2 million, respectively, in contingent consideration associated with their respective earnout payments. The carrying values of the Jake Marshall, ACME and IA Earnout Payments are subject to remeasurement at fair value at each reporting date through the end of the respective earnout periods with any changes in the fair value reported as a separate component of operating income in the condensed consolidated statements of operations. See Note 9 – Fair Value Measurements in the accompanying notes to the Company's consolidated financial statements for further information.

Amortization of Intangibles

Amortization expense represents periodic non-cash charges that consist of amortization of various intangible assets primarily including favorable leasehold interests and certain customer relationships in the ODR segment. As a result of the Jake Marshall Transaction, the Company recognized, in the aggregate, an additional \$5.7 million of intangible assets associated with customer relationships with third-party customers, the acquired trade name and acquired backlog. In addition, as a result of the ACME Transaction, the Company recognized, in the aggregate, an additional \$2.8 million of intangible assets associated with customer relationships with third-party customers and the acquired trade name, inclusive of the impact of certain measurement period adjustments. Lastly, as a result of the Industrial Air Transaction, the Company recognized, in the aggregate, an additional \$8.7 million of intangible assets associated with customer relationships with third-party customers, the acquired trade name, trademarks and intellectual property and the acquired backlog. Each of the Jake Marshall, ACME and Industrial Air-related

intangible assets were recorded under the acquisition method of accounting at their estimated fair values at the acquisition date. See Note 3 – Acquisitions in the accompanying notes to the Company's consolidated financial statements for further discussion of the Company's acquired intangible assets as a result of the ACME Transaction and the Industrial Air Transaction. In addition, see Note 5 – Goodwill and Intangible Assets for further information on the Company's intangible assets.

Other (Expenses) Income

Other (expenses) income consists primarily of interest expense incurred in connection with the Company's debt, a loss associated with the early termination of an operating lease, gains or losses associated with the disposition of property, equipment, changes in fair value of interest rate swaps, losses associated with the early extinguishment of debt and interest income earned from its overnight repurchase agreements, money market investments, U.S. Treasury Bills and the Company's interest rate swap agreement. Deferred financing costs are amortized to interest expense using the effective interest method.

Provision for Income Taxes

The Company is taxed as a C corporation and its financial results include the effects of federal income taxes, which will be paid at the parent level.

The Company's provision for income taxes (including federal, state and local taxes) is calculated based on the estimated annual effective tax rate. The Company accounts for income taxes in accordance with ASC Topic 740 - *Income Taxes*, which requires the use of the asset and liability method. Under this method, deferred tax assets and liabilities and income or expense are recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and their respective tax bases, using enacted tax rates expected to be applicable in the years in which the temporary differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes.

Impact of Acquisitions

In order to provide a more meaningful period-over-period discussion of the Company's operating results, the Company may discuss amounts generated or incurred (revenues, gross profit, selling, general and administrative expenses, and operating income) from companies acquired. The amounts discussed reflect the acquired companies' operating results in the current reported period only for the time period these entities were not owned by the Company in the comparable prior reported period.

During 2023, the Company acquired two companies for total consideration of \$15.3 million, net of cash acquired and inclusive of certain measurement period adjustments. On July 3, 2023, the Company completed an acquisition of Chattanooga, TN-based specialty industrial contractor, ACME, for a purchase price at closing of \$5.0 million in cash. The transaction also provides for an earnout of up to \$2.5 million potentially being paid out over the next two years. ACME specializes in performing industrial maintenance, capital project work, and emergency services for specialty chemical and manufacturing clients, and is a leading mechanical solutions provider for hydroelectric producers. On November 1, 2023, the Company completed an acquisition of Greensboro, NC-based specialty mechanical contractor, Industrial Air, for a purchase price at closing of \$13.5 million in cash. The transaction also provides for an earnout of up to \$6.5 million potentially being paid out over the next two years. Industrial Air serves industrial customers throughout the Southeast United States and along the Eastern seaboard, focusing on delivering engineered air handling systems, including air condition and air filtration, along with controls systems and maintenance work. In addition, Industrial Air manufactures a wide range of components for air conditioning and filtration systems.

Based on the timing of these transactions, the post-acquisition results of the acquired companies did not have a material impact on the Company's consolidated results for the year-ended December 31, 2023.

Divestitures

In February 2022, the Company announced its strategic decision to wind down its Southern California GCR and ODR operations. The decision was made to better align the Company's customer geographic focus and to reduce losses related to unprofitable locations. During 2023, the Company executed the closeout phases on its remaining Southern California business unit projects and has fully exited the Southern California region aside from certain operational warranty obligations. However, the Company is party to the terms of a sublease agreement for its leased premises in Southern California through April 2027 and remains obligated under the original lease for such office space in the event the sublessee fails to satisfy its obligations under the sublease agreement. See Note 14 – Leases in the accompanying notes to the Company's consolidated financial statements for further information on the Southern California Sublease.

Operating Segments

The Company manages and measures the performance of its business in two operating segments: GCR and ODR. These segments are reflective of how the Company's Chief Operating Decision Maker ("CODM") reviews operating results for the

purposes of allocating resources and assessing performance. The Company's CODM comprises its President and Chief Executive Officer and Executive Vice President and Chief Financial Officer.

In accordance with ASC Topic 280 – *Segment Reporting*, the Company has elected to aggregate all GCR work performed at branches into one GCR reportable segment and all ODR work performed at branches into one ODR reportable segment. All transactions between segments are eliminated in consolidation.

As previously discussed, on January 17, 2023, the Company announced its planned transition succession, pursuant to which Charles A. Bacon III stepped down as President and Chief Executive Officer on March 28, 2023, and Michael M. McCann, the Company's former Executive Vice President and Chief Operating Officer, was appointed President and Chief Executive Officer. Following the transition, the Company revised its segment presentation to align with how Mr. McCann assesses performance and makes resource allocation decisions for its operating segments, which is based on segment revenue and segment gross profit. SG&A expenses are no longer reported on a segment basis as the Company's current CODM does not review discrete segment financial information for SG&A in order to assess performance. Interest expense is not allocated to segments because of the corporate management of debt service.

The Company restated segment information for the historical periods presented herein to conform to the current presentation. This change in segment presentation does not affect the Company's consolidated statements of operations, balance sheets or statements of cash flows.

Comparison of Results of Operations for the years ended December 31, 2023 and 2022

The following table presents operating results for the years ended December 31, 2023 and 2022 in dollars and expressed as a percentage of total revenue (except as indicated below):

<i>(in thousands except for percentages)</i>	For the Years Ended December 31,			
	2023	2022		
Statement of Operations Data:				
Revenue:				
GCR	\$ 254,392	49.3 %	\$ 280,379	56.4 %
ODR	261,958	50.7 %	216,403	43.6 %
Total revenue	516,350	100.0 %	496,782	100.0 %
Gross profit:				
GCR	43,200	17.0 % ⁽¹⁾	38,622	13.8 % ⁽¹⁾
ODR	76,090	29.0 % ⁽²⁾	55,119	25.5 % ⁽²⁾
Total gross profit	119,290	23.1 %	93,741	18.9 %
Selling, general and administrative ⁽³⁾	87,397	16.9 %	77,879	15.7 %
Change in fair value of contingent consideration	729	0.1 %	2,285	0.5 %
Amortization of intangibles	1,880	0.4 %	1,567	0.3 %
Total operating income	29,284	5.7 %	12,010	2.4 %
Other income (expenses)	(1,184)	(0.2)%	(2,402)	(0.5)%
Total consolidated income before income taxes	28,100	5.4 %	9,608	1.9 %
Income tax provision	7,346	1.4 %	2,809	0.6 %
Net income	\$ 20,754	4.0 %	\$ 6,799	1.4 %

⁽¹⁾ As a percentage of GCR revenue.

⁽²⁾ As a percentage of ODR revenue.

⁽³⁾ Included within selling, general and administrative expenses was \$4.9 million and \$2.7 million of stock based compensation expense for the year ended December 31, 2023 and 2022, respectively.

Revenue

<i>(in thousands except for percentages)</i>	For the Years Ended December 31,		
	2023	2022	Increase/(Decrease)
Revenue:			
GCR:	\$ 254,392	\$ 280,379	\$ (25,987)
ODR:	261,958	216,403	45,555
Total revenue	\$ 516,350	\$ 496,782	\$ 19,568
			3.9 %

Revenue for the year ended December 31, 2023 increased by \$19.6 million compared to the year ended December 31, 2022. GCR revenue decreased by \$26.0 million, or 9.3%, while ODR revenue increased by \$45.6 million, or 21.1%. The decrease in year-over-year GCR segment revenue primarily was due to the Company's continued focus on improving project execution and profitability by pursuing GCR opportunities are smaller in size (based on contract value) and shorter in duration. The increase in period over period ODR segment revenue primarily was due to the Company's continued focus on the accelerated growth of its ODR business. In addition, ODR segment revenue increased by approximately \$8.1 million due to the ACME and Industrial Air transactions.

Gross Profit

<i>(in thousands except for percentages)</i>	For the Years Ended December 31,		
	2023	2022	Increase/(Decrease)
Gross profit:			
GCR	\$ 43,200	\$ 38,622	\$ 4,578
ODR	76,090	55,119	20,971
Total gross profit	\$ 119,290	\$ 93,741	\$ 25,549
			27.3 %
Total gross profit as a percentage of consolidated total revenue	23.1 %	18.9 %	

The Company's gross profit for the year ended December 31, 2023 increased by \$25.5 million, or 27.3% compared to the year ended December 31, 2022. GCR gross profit increased \$4.6 million, or 11.9%, primarily due to higher margins despite lower revenue. ODR gross profit increased \$21.0 million, or 38.0%, due to the combination of an increase in revenue and higher margins driven by contract mix. The total gross profit percentage increased from 18.9% for the year ended December 31, 2022 to 23.1% for the year ended December 31, 2023, mainly driven by the mix of higher margin ODR segment work and being more selective in GCR work. In addition, for the year ended December 31, 2023, total gross profit generated by the entities acquired in the ACME Transaction and the Industrial Air Transaction was approximately \$2.1 million, which was attributable to the ODR segment.

The Company recorded revisions in its contract estimates for certain GCR and ODR projects. During the year ended December 31, 2023, the Company recorded material gross profit write-ups on two GCR projects for a total of \$2.2 million and two material GCR project gross profit write-downs for a total of \$1.3 million that had a net gross profit impact of \$0.5 million or more. During the year ended December 31, 2023, the Company recorded a material gross profit write-down on one ODR segment project for a total of \$1.0 million. During the year ended December 31, 2022, the Company recorded material gross profit write-ups of \$3.0 million on three GCR projects and four material GCR project gross profit write-downs for a total of \$2.8 million that had a net gross profit impact of \$0.5 million or more. There were no material write-ups or write-downs within the ODR segment during the year ended December 31, 2022.

Selling, General and Administrative

	For the Years Ended December 31,		
	2023	2022	Increase/(Decrease)
(in thousands except for percentages)			
Selling, general and administrative	\$ 87,397	\$ 77,879	\$ 9,518 12.2 %

Total selling, general and administrative expenses as a percentage of consolidated total revenue 16.9 % 15.7 %

The Company's SG&A expense for the year ended December 31, 2023 increased by approximately \$9.5 million, or 12.2% compared to the year ended December 31, 2022. The increase in SG&A primarily was due to a \$6.8 million increase associated with payroll and incentive related expenses, a \$2.2 million increase in stock-based compensation expense, a \$1.5 million increase associated with costs incurred by the entities acquired in the ACME and Industrial Air transactions, \$1.0 million related to CEO transition costs and \$0.8 million related to acquisition-related costs, partially offset by a \$1.2 million decrease in rent related expenses and a \$1.5 million decrease related to certain legal accruals. Additionally, SG&A as a percentage of revenue was 16.9% for the year ended December 31, 2023 and 15.7% for the year ended December 31, 2022.

Change in Fair Value of Contingent Consideration

The change in fair values of the Company's earnout payment contingent consideration was a loss of \$0.7 million and \$2.3 million for the years ended December 31, 2023 and 2022, respectively. These increases to the contingent liability were primarily attributable to the probability of meeting the gross profit margins associated with the contingent consideration arrangements as of December 31, 2023 and 2022.

Amortization of Intangibles

	For the Years Ended December 31,		
	2023	2022	Increase/(Decrease)
(in thousands except for percentages)			
Amortization of intangibles	\$ 1,880	\$ 1,567	\$ 313 20.0 %

Total amortization expense for the year ended December 31, 2023 increased by approximately \$0.3 million compared to the year ended December 31, 2022. As a result of the ACME and Industrial Air transactions, the Company acquired certain intangible assets in which it recognized approximately \$0.7 million of amortization expense for the year ended December 31, 2023. See Note 3 – Acquisitions in the accompanying notes to the Company's consolidated financial statements for further discussion of the Company's acquired intangible assets due to the ACME Transaction and the Industrial Air Transaction.

Other Income (Expenses)

	For the Years Ended December 31,		
	2023	2022	Increase/(Decrease)
(in thousands except for percentages)			
Other (expenses) income:			
Interest expense	\$ (2,046)	\$ (2,144)	\$ 98 4.6 %
Interest income	1,217	—	1,217 100.0 %
Loss on early termination of operating lease	—	(849)	849 100.0 %
Loss on debt extinguishment	(311)	—	(311) (100.0) %
(Loss) gain on change in fair value of interest rate swap	(124)	310	(434) (140.0) %
Gain on sale of property and equipment	80	281	(201) (71.5) %
Total other expenses	\$ (1,184)	\$ (2,402)	\$ 1,218 50.7 %

Total other expenses for the year ended December 31, 2023 was \$1.2 million as compared to \$2.4 million for the year ended December 31, 2022. The decrease in total other expenses primarily was driven by a \$1.2 million increase in interest income related to the Company's overnight repurchase agreements, investments in U.S. Treasury Bills and money market funds, as well as a \$0.1 million offset to interest expense as a result of the Company's interest rate swap agreement. In addition, during 2022, the Company recognized a \$0.8 million loss because of the early termination of its Pittsburgh operating lease. See Note 14 – Leases in the accompanying notes to the Company's consolidated financial statements for further information. The decrease in

total other expenses was partially offset by a \$0.3 million loss on early debt extinguishment recognized during 2023 and a loss on the sale of certain property and equipment compared to a gain recognized in 2022.

Income Taxes

The Company's income tax provision was \$7.3 million and \$2.8 million for the years ended December 31, 2023 and 2022, respectively, and it had a 26.1% and 29.2% effective tax rate over those same periods, respectively. The Company's effective tax rate changes based upon its relative profitability, or lack thereof, in states with varying tax rates and rules. In addition, discrete items, such as tax law changes, judgments and legal structures can impact its effective tax rate. See also Note 11 – Income Taxes in the accompanying notes to the Company's consolidated financial statements.

GCR and ODR Backlog Information

The Company refers to its estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, less the revenue it had recognized under such contracts, as "backlog." Backlog includes unexercised contract options. The Company's backlog includes projects that have a written award, a letter of intent, a notice to proceed or an agreed upon work order to perform work on mutually accepted terms and conditions. Additionally, the difference between the Company's backlog and remaining performance obligations is due to the portion of unexercised contract options that are excluded, under certain contract types, from the Company's remaining performance obligations as these contracts can be canceled for convenience at any time by the Company or the customer without considerable cost incurred by the customer. Additional information related to the Company's remaining performance obligations is provided in Note 4 — Revenue from Contracts with Customers in the accompanying notes to its consolidated financial statements. See also "Item 1A. Risk Factors — ***Our contract backlog is subject to unexpected adjustments and cancellations and could be an uncertain indicator of our future earnings.***"

The Company's GCR backlog was \$186.9 million and \$302.9 million as of December 31, 2023 and 2022, respectively. Projects are brought into backlog once the Company has been provided with a written confirmation of award and the contract value has been established. At any point, the Company has a substantial volume of projects that are specifically identified and advanced in negotiations and/or documentation, however those projects are not booked as backlog until the Company has received written confirmation from the owner or the general contractor / construction manager of their intention to award it the contract and they have directed the Company to begin engineering, designing, incurring construction labor costs or procuring needed equipment and material. The Company's GCR projects tend to be built over a 12- to 24-month schedule depending upon scope and complexity. Most major projects have a preconstruction planning phase, which may require months of planning before actual construction commences. The Company is occasionally employed to deliver a "fast-track" project, where construction commences as the preconstruction planning work continues. As work on the Company's projects progress, it increases or decreases backlog to take into account its estimate of the effects of changes in estimated quantities, changes in conditions, change orders and other variations from initially anticipated contract revenue, and the percentage of completion of the Company's work on the projects. Based on historical trends, the Company currently estimates that 83% of its GCR backlog as of December 31, 2023 will be recognized as revenue during 2024. Additionally, the reduction in GCR backlog has been intentional as the Company looks to focus on higher margin projects than historically, as well as its focus on smaller, higher margin owner direct projects.

The Company's ODR backlog was \$147.0 million and \$108.2 million as of December 31, 2023 and 2022, respectively. These amounts reflect unrecognized revenue expected to be recognized over the remaining terms of its service contracts and projects. Based on historical trends, the Company currently estimates that 95% of its ODR backlog as of December 31, 2023 will be recognized as revenue during 2024. The Company believes its ODR backlog increased due to its continued focus on the accelerated growth of its ODR business. In addition, as of December 31, 2023, ODR backlog included approximately \$1.2 million and \$26.6 million of backlog associated with the operations of ACME and Industrial Air, respectively.

Market Update

Although the Company has been experiencing strong demand, certain events continue to impact its business, including global economic conditions, the inflationary cost environment, elevated labor costs, disruption in its supply chain, continued uncertainty around the COVID-19 pandemic and ongoing geopolitical instability caused by conflicts in Ukraine and the Middle East. The Company continued to experience elevated levels of cost inflation during 2023, which is expected to persist through 2024, although at lower levels than experienced in 2023. These headwinds have been partially mitigated in 2023 by pricing actions taken in response to the inflationary cost environment, supply chain productivity improvements and cost savings initiatives. The effects of inflation also have resulted in central banks raising short-term interest rates and, therefore, the Company has experienced an increase in its interest expense relative to its outstanding borrowings. While the impacts of COVID-19 on the Company's business have moderated, there still remains uncertainty around the pandemic, its effect on labor or other macroeconomic factors, its severity and duration, the continued availability and effectiveness of vaccines and actions.

taken by third parties or by government authorities in response, including restrictions, laws or regulations, or other responses. Also, the ongoing conflict between Russia and Ukraine, and the sanctions imposed in response to this conflict, have increased global economic and political uncertainty and the conflict in the Middle East may add to these issues.

While the impact of these factors remains uncertain, the Company continues to evaluate the extent to which they may impact its business, financial condition or results of operations. There can be no assurance that the Company's actions will serve to mitigate such impacts in future periods. Further, while the Company believes its remaining performance obligations are firm, and its customers have not provided the Company with indications that they no longer wish to proceed with planned projects, prolonged delays in the receipt of critical equipment could result in the Company's customers seeking to terminate existing or pending agreements. Any of these events could have a material adverse effect on the Company's business, financial condition and/or results of operations.

Outlook for 2024

The Company continues to focus on creating value for building owners by targeting opportunities for long-term relationships with the vision of becoming an indispensable partner to building owners with mission-critical systems. For 2024, the key objectives of the Company's strategy are to improve profitability and generate quality growth in its operations, to enable sustainable and efficient building environments, to continue investing in its workforce and to acquire strategically synergistic businesses.

In focusing on improved profitability and generating quality growth in its operation, the Company has dedicated and continues to dedicate, its resources toward the growth of its ODR segment as the scope of services provided within the Company's ODR segment typically yield higher margins when compared to its GCR segment work. During fiscal year 2023, the Company eclipsed its ODR-related revenue target, generating a 50/50 segment revenue mix. For 2024, the Company reaffirms its focus on expanding the number and breadth of owner relationships that it serves on a direct basis and leveraging these expanded owner-direct relationships to deliver a broad suite of services. The Company believes it maintains a disciplined approach, capable of providing a full life-cycle of engineered solutions and craft expertise enabling it to be a one-stop-shop for building owners to maximize their investments in their mission-critical assets. In addition, the Company continues to make investments to expand its ODR revenue by increasing the value it can offer to building owners and continues to evaluate areas in which it could expand the breadth of its service offerings to better serve its clients. Employee development underpins the Company's efforts to execute its 2024 strategy. The Company is actively concentrating managerial and sales resources on training and hiring experienced employees to sell and profitably perform ODR-related services. In many locations, the Company has added or upgraded its capabilities and the Company believes its investments and efforts have provided customer value and stimulated growth. The Company's team members uniquely combine engineering expertise with field installation skills to provide custom solutions that leverage its full life-cycle capabilities, which allows it to address both the operational and capital projects needs of its customers.

In the Company's GCR segment, its efforts continue to focus on improving project execution and profitability by pursuing opportunities that are smaller in size and shorter in duration than historically, and where it can leverage its captive design and engineering services. The Company believes that it is appropriate in the current contracting environment to reduce risk and exposure to large, complex, non-owner direct projects where the trend has been for such jobs to provide risks that are difficult to mitigate. Currently, management believes the historical industry pricing and associated risks for this type of work does not align with the Company's stakeholders' expectations, and therefore, the Company continues to take steps to actively reduce these risks as it looks at future job selection and as it completes current jobs.

Additionally, the Company believes that it can further increase its cash flow and operating income by acquiring strategically synergistic companies that will increase the Company's geographic footprint, supplement the Company's current business model, address capability gaps and enhance the breadth of its service offerings to better serve its clients. The Company has dedicated and continues to dedicate its resources to seek opportunities to acquire and integrate businesses that have attractive market positions, supports the Company ODR growth strategy, expands and/or supplements the Company's current breadth of service offerings and is culturally compatible.

Given the broad suite of services offered to customers within the Company's market concentrations, management uses a variety of factors to attempt to predict the outlook for the Company. The Company monitors key competitors and customers in order to gauge relative performance and the outlook for the future. The Company regularly performs detailed evaluations of the different market verticals in which it serves to proactively detect trends and to adapt its strategies accordingly, including potential triggers and actions to be taken under recessionary scenarios. In addition, the Company believes its backlog is indicative of future revenue and thus are a key measure of anticipated performance.

The Company continues to monitor the impact that the inflationary cost environment has on its cost structure. Although global supply chain and resource constraints have improved throughout the year, the Company's performance may be impacted by

future developments that are uncertain. In addition, geopolitical risks and macroeconomic events could cause disruptions to operations, supply chains and end markets, tightening credit conditions, higher interest rates, global banking uncertainty and the possibility of deteriorating overall economic conditions which could negatively impact the Company's business.

Seasonality, Cyclicality and Quarterly Trends

Severe weather can impact the Company's operations. In the northern climates where it operates, and to a lesser extent the southern climates as well, severe winters can slow the Company's productivity on construction projects, which shifts revenue and gross profit recognition to a later period. The Company's maintenance operations may also be impacted by mild or severe weather. Mild weather tends to reduce demand for its maintenance services, whereas severe weather may increase the demand for its maintenance and time-and-materials services. The Company's operations also experience mild cyclicality, as building owners typically work through maintenance and capital projects at an increased level during the third and fourth calendar quarters of each year.

Effect of Inflation and Tariffs

The prices of products such as steel, pipe, copper and equipment from manufacturers are subject to fluctuation and increases. It is difficult to accurately measure the impact of inflation, tariffs and price escalation due to the imprecise nature of the estimates required. However, these effects are, at times, material to the Company's results of operations and financial condition. During fiscal years 2023 and 2022, the Company experienced higher cost of materials on specific projects and delays in its supply chain for equipment and service vehicles from the manufacturers, and it expects these higher costs and delays in its supply chain to persist in 2024. When appropriate, the Company includes cost escalation factors into its bids and proposals, as well as limit the acceptance time of its bid. In addition, the Company is often able to mitigate the impact of future price increases by entering into fixed price purchase orders for materials and equipment and subcontracts on its projects. Notwithstanding these efforts, if the Company experiences significant disruptions to its supply chain, it may need to delay certain projects that would otherwise be accretive to its business, and this may also impact the conversion rate of its current backlog into revenue.

Liquidity and Capital Resources

Cash Flows

The Company's liquidity needs relate primarily to the provision of working capital (defined as current assets less current liabilities) to support operations, funding of capital expenditures, and investment in strategic opportunities. Historically, liquidity has been provided by operating activities and borrowings from commercial banks and institutional lenders.

The following table presents summary cash flow information for the periods indicated:

	For the Years Ended December 31,	
(in thousands)	2023	2022
Net cash provided by (used in):		
Operating activities	\$ 57,366	\$ 35,373
Investing activities	(17,092)	(495)
Financing activities	(16,490)	(13,353)
Net increase in cash, cash equivalents and restricted cash	\$ 23,784	\$ 21,525
Noncash investing and financing transactions:		
Earnout liability associated with the ACME Transaction	\$ 1,514	\$ —
Earnout liability associated with the Industrial Air Transaction	3,165	—
Right of use assets obtained in exchange for new operating lease liabilities	3,135	—
Right of use assets obtained in exchange for new finance lease liabilities	5,219	2,634
Right of use assets disposed or adjusted modifying operating lease liabilities	1,112	2,455
Right of use assets disposed or adjusted modifying finance lease liabilities	(93)	(77)
Interest paid	1,908	2,005
Cash paid for income taxes	\$ 9,156	\$ 1,979

The Company's cash flows are primarily impacted period to period by fluctuations in working capital. Factors such as the Company's contract mix, commercial terms, days sales outstanding ("DSO") and delays in the start of projects may impact its working capital. In line with industry practice, the Company accumulates costs during a given month then bills those costs in

the current month for many of its contracts. While labor costs associated with these contracts are paid weekly and salary costs associated with the contracts are paid bi-weekly, certain subcontractor costs are generally not paid until the Company receives payment from its customers (contractual "pay-if-paid" terms). The Company has not historically experienced a large volume of write-offs related to its receivables and contract assets. The Company regularly assesses its receivables for collectability and provides allowances for credit losses where appropriate. The Company believes that its reserves for its expected credit losses are appropriate as of December 31, 2023, but adverse changes in the economic environment may impact certain of its customers' ability to access capital and compensate the Company for its services, as well as impact project activity for the foreseeable future.

The Company's existing current backlog is projected to provide substantial coverage of forecasted GCR revenue for one year from the date of the financial statement issuance. The Company's current cash balance, together with cash it expects to generate from future operations along with borrowings available under its credit facility, are expected to be sufficient to finance its short- and long-term capital requirements (or meet working capital requirements) for the next twelve months. In addition to the future operating cash flows of the Company, along with its existing borrowing availability and access to financial markets, the Company currently believes it will be able to meet any working capital and future operating requirements, and capital investment forecast opportunities for the next twelve months.

The following table represents the Company's summarized working capital information:

<i>(in thousands, except ratios)</i>	As of December 31,	
	2023	2022
Current assets	\$ 217,000	\$ 225,990
Current liabilities	(145,148)	(159,085)
Net working capital	\$ 71,852	\$ 66,905
Current ratio ⁽¹⁾	1.50	1.42

⁽¹⁾ Current ratio is calculated by dividing current assets by current liabilities.

As discussed above and in Note 7 – Debt in the accompanying notes to the Company's consolidated financial statements, as of December 31, 2023, the Company was in compliance with all financial maintenance covenants as required by its credit facility.

Cash Flows Provided by Operating Activities

The following is a summary of the significant sources (uses) of cash from operating activities:

<i>(in thousands)</i>	For the Years Ended December 31,			Cash Inflow (Outflow)
	2023	2022		
Cash flows from operating activities:				
Net income	\$ 20,754	\$ 6,799	\$ 13,955	
Non-cash operating activities ⁽¹⁾	18,222	17,634	588	
Changes in operating assets and liabilities:				
Accounts receivable	32,607	(35,407)	68,014	
Contract assets	10,397	22,410	(12,013)	
Other current assets	(1,486)	1,128	(2,614)	
Accounts payable, including retainage	(10,909)	11,282	(22,191)	
Contract liabilities	(9,121)	17,296	(26,417)	
Income tax receivable	95	19	76	
Accrued taxes payable	(1,442)	1,387	(2,829)	
Accrued expenses and other current liabilities	2,867	(2,934)	5,801	
Operating lease liabilities	(3,795)	(4,133)	338	
Payment of contingent consideration liability in excess of acquisition-date fair value	(1,224)	—	(1,224)	
Other long-term liabilities	401	(108)	509	
Cash provided by working capital	18,390	10,940	7,450	
Net cash provided by operating activities	\$ 57,366	\$ 35,373	\$ 21,993	

⁽¹⁾ Represents non-cash activity associated with depreciation and amortization, provision for credit losses / doubtful accounts, stock-based compensation expense, operating lease expense, amortization of debt issuance costs, deferred income tax provision, gain or loss on sale of property and equipment, loss on early termination of operating lease, changes in fair value of contingent consideration and changes in the fair value of the Company's interest rate swap.

During the year ended December 31, 2023, the Company generated \$57.4 million in cash in its operating activities, which consisted of cash provided by working capital of \$18.4 million, non-cash adjustments of \$18.2 million (primarily depreciation and amortization, stock-based compensation expense, operating lease expense, loss on early debt extinguishment and the change in fair value of contingent consideration) and net income for the period of \$20.8 million. During the year ended December 31, 2022, the Company generated \$35.4 million in cash in its operating activities, which consisted of cash provided by working capital of \$10.9 million, non-cash adjustments of \$17.6 million (primarily depreciation and amortization, stock-based compensation expense, operating lease expense, loss on early termination of an operating lease and the change in fair value of contingent consideration) and net income for the period of \$6.8 million.

The increase in operating cash flows during the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily attributable to a \$68.0 million period-over-period cash inflow related to the change in accounts receivable, which was due to the timing of cash receipts, inclusive of an aggregate \$25.6 million in cash receipts associated with certain outstanding claim resolutions. This cash inflow was partially offset by a \$38.4 million cash outflow period-over-period related to the aggregate change in the Company's contract assets and liabilities and a \$22.2 million change in accounts payable, including retainage. The increase in the Company's overbilled position was due to the timing of contract billings and the recognition of contract revenue, as well as the successful resolution of certain outstanding claims. The cash outflows associated with its accounts payable were due to the timing of cash receipts and payments.

Cash Flows Used in Investing Activities

Cash flows used in investing activities were \$17.1 million for the year ended December 31, 2023 as compared to \$0.5 million for the year ended December 31, 2022. Cash used in investing activities for the year ended December 31, 2023 of \$4.9 million and \$10.4 million cash outflows associated with the ACME Transaction and Industrial Air Transaction, respectively, net of cash acquired and inclusive of certain measurement period adjustments. In addition, cash used in investing activities for the year ended December 31, 2023 represented \$2.3 million of cash outflows for capital additions pertaining to purchased property and equipment, offset by \$0.4 million in cash proceeds from the sale of property and equipment. Cash used in investing activities for the year ended December 31, 2022 of \$0.5 million was primarily due to \$1.0 million of cash outflows for capital additions pertaining to additional non-leased vehicles, tools and equipment, computer software and hardware purchases, office furniture and office related leasehold improvements, offset by \$0.5 million in cash proceeds from the sale of property and equipment.

For the years ended December 31, 2023 and 2022, the Company obtained the use of various assets through operating and finance leases, which reduced the level of capital expenditures that would have otherwise been necessary to operate its business.

Cash Flows Used in Financing Activities

Cash flows used in financing activities were \$16.5 million for the year ended December 31, 2023 as compared to cash flows provided by financing activities of \$13.4 million for the year ended December 31, 2022. For the year ended December 31, 2023, as a result of the execution of the Second A&R Wintrust Credit Agreement, the Company paid off the remaining principal portion of the A&R Wintrust Term Loan of \$19.0 million. Prior to the termination of the A&R Wintrust Term Loan, the Company made principal payments of \$2.4 million, consisting of monthly installment payments of \$0.6 million. In addition, the Company paid approximately \$0.8 million in taxes related to net share settlement of equity awards, \$2.7 million for payments on finance leases and made a \$3.0 million payment to the former owners of JMLLC and CSLLC related to the 2022 Jake Marshall Earnout Period, of which \$1.7 million was recognized as a cash outflow from financing activities. These cash financing outflows were partially offset by \$10.0 million in proceeds from borrowings under the Second A&R Wintrust Revolving Loan and \$0.4 million associated with proceeds from contributions to the Company's Employee Stock Purchase Plan ("ESPP").

For the year ended December 31, 2022, the Company made principal payments of \$13.4 million, consisting of monthly installment payments of \$0.6 million, an Excess Cash Flow payment of \$3.3 million and total Net Claim Proceeds payments of \$2.7 million, The Company also borrowed and repaid \$15.2 million under the A&R Wintrust Revolving Loan of \$15.2 million, made payments of \$2.7 million on finance leases, repurchased \$2.0 million in common stock under the Company's Share Repurchase Program (defined below), paid \$0.4 million in taxes related to net share settlement of equity awards and incurred \$0.4 million in payments for debt issuance costs. These financing cash outflows were partly offset by \$5.4 million in proceeds from the Company's sale-leaseback financing transaction and \$0.3 million associated with proceeds from contributions to the Company's ESPP.

The following table reflects the Company's available funding capacity as of December 31, 2023:

<i>(in thousands)</i>	
Cash & cash equivalents	\$ 59,833
Credit agreement:	
Second A&R Wintrust Revolving Loan	50,000
Outstanding borrowings on the Second A&R Wintrust Revolving Loan	(10,000)
Outstanding letters of credit	<u>(4,065)</u>
Net credit agreement capacity available	35,935
Total available funding capacity	<u><u>\$ 95,768</u></u>

Share Repurchase Program

In September 2022, the Company announced that its Board of Directors approved the Share Repurchase Program to repurchase shares of its common stock for an aggregate purchase price not to exceed \$2.0 million. The share repurchase authority was valid through September 29, 2023. Share repurchases may be executed through various means, including, without limitation, open market transactions, privately negotiated transactions or by other means in accordance with federal securities laws. The Share Repurchase Program does not obligate the Company to acquire any particular amount of common stock, and the program may be suspended or terminated by the Company at any time at its discretion without prior notice. Through September 29, 2023, approximately \$2.0 million of common stock was repurchased under its Share Repurchase Program, which was funded from the Company's available cash on hand. There were no shares repurchased during 2023.

Debt and Related Obligations

Long-term debt consists of the following obligations as of:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
A&R Wintrust Term Loan	\$ —	\$ 21,453
Wintrust Revolving Loans	10,000	—
Finance leases – collateralized by vehicles, payable in monthly installments of principal, plus interest ranging from 3.96% to 8.60% through 2030	7,347	4,954
Financing liability	5,351	5,351
Total debt	\$ 22,698	\$ 31,758
Less – Current portion of long-term debt	(2,680)	(9,564)
Less – Unamortized discount and debt issuance costs	(387)	(666)
Long-term debt	<u>\$ 19,631</u>	<u>\$ 21,528</u>

See Note 7 – Debt in the accompanying notes to the Company's consolidated financial statements for further discussion.

Surety Bonding

In connection with its business, the Company is occasionally required to provide various types of surety bonds that provide an additional measure of security to its customers for its performance under certain government and private sector contracts. The Company's ability to obtain surety bonds depends upon its capitalization, working capital, past performance, management expertise and external factors, including the capacity of the overall surety market. Surety companies consider such factors in light of the amount of the Company's backlog that it has currently bonded and their current underwriting standards, which may change from time-to-time. The bonds, if any, the Company provides typically reflect the contract value. As of December 31, 2023 and 2022, the Company has approximately \$90.9 million and \$129.6 million in surety bonds outstanding, respectively. The Company believes that its \$800 million bonding capacity provides it with a significant competitive advantage relative to many of its competitors which have limited bonding capacity. See Note 13 – Commitments and Contingencies in the accompanying notes to the Company's consolidated financial statements for further discussion.

Insurance and Self-Insurance

The Company purchases workers' compensation and general liability insurance under policies with per-incident deductibles of \$250,000 per occurrence. Losses incurred over primary policy limits are covered by umbrella and excess policies up to specified limits with multiple excess insurers. The Company accrues for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the consolidated balance sheets as current and non-current liabilities. The liability is computed by determining a reserve for each reported claim on a case-by-case basis based on the nature of the claim and historical loss experience for similar claims plus an allowance for the cost of incurred but not reported claims. The current portion of the liability is included in accrued expenses and other current liabilities on the consolidated balance sheets. The non-current portion of the liability is included in other long-term liabilities on the consolidated balance sheets.

The Company is self-insured related to medical and dental claims under policies with annual per-claimant and annual aggregate stop-loss limits. The Company accrues for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the consolidated balance sheets as a current liability in accrued expenses and other current liabilities. See Note 13 – Commitments and Contingencies in the accompanying notes to the Company's consolidated financial statements for further discussion.

Multiemployer Plans

The Company participates in approximately 40 MEPPs that provide retirement benefits to certain union employees in accordance with various collective bargaining agreements ("CBAs"). As one of many participating employers in these MEPPs, the Company is responsible with the other participating employers for any plan underfunding. The Company's contributions to a particular MEPP are established by the applicable CBAs; however, required contributions may increase based on the funded status of an MEPP and legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve its funded status. Factors that could impact funded status of an MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions and the utilization of extended amortization provisions. Assets contributed to the MEPPs by the Company may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to an MEPP, the unfunded obligations of the MEPP may be borne by the remaining participating employers.

An FIP or RP requires a particular MEPP to adopt measures to correct its underfunding status. These measures may include, but are not limited to an increase in a company's contribution rate as a signatory to the applicable CBA, or changes to the benefits paid to retirees. In addition, the PPA requires that a 5.0% surcharge be levied on employer contributions for the first year commencing shortly after the date the employer receives notice that the MEPP is in critical status and a 10.0% surcharge on each succeeding year until a CBA is in place with terms and conditions consistent with the RP.

The Company could also be obligated to make payments to MEPPs if it either ceases to have an obligation to contribute to the MEPP or significantly reduces its contributions to the MEPP because it reduces the number of employees who are covered by the relevant MEPP for various reasons, including, but not limited to, layoffs or closure of a subsidiary assuming the MEPP has unfunded vested benefits. The amount of such payments (known as a complete or partial withdrawal liability) would equal the Company's proportionate share of the MEPPs' unfunded vested benefits. The Company believes that certain of the MEPPs in which it participates may have unfunded vested benefits. Due to uncertainty regarding future factors that could trigger withdrawal liability, the Company is unable to determine (a) the amount and timing of any future withdrawal liability, if any, and (b) whether its participation in these MEPPs could have a material adverse impact on its financial condition, results of operations or liquidity.

Recent Accounting Pronouncements

The Company reviews new accounting standards to determine the expected financial impact, if any, that the adoption of such standards will have on its financial position and/or results of operations. See Note 2 – Significant Accounting Policies in the accompanying notes to the Company's consolidated financial statements for further information regarding new accounting standards, including the anticipated dates of adoption and the effects on its consolidated financial position, results of operations, or liquidity.

Critical Accounting Policies

The Company's critical accounting policies are based upon the significance of the accounting policy to its overall financial statement presentation, as well as the complexity of the accounting policy and its use of estimates and subjective assessments. The Company's most critical accounting policy is revenue recognition. As discussed elsewhere in this Annual Report on Form 10-K, the Company's business has two operating segments: (i) GCR, for which it accounts for using the cost-to-cost method and (ii) ODR, for which it accounts for using the cost-to-cost method and for certain projects when revenue is recognized as services are provided. In addition, the Company believes that some of the more critical judgment areas in the application of accounting policies that affect its financial condition and results of operations are the impact of changes in the estimates and judgments pertaining to: (a) collectability or valuation of accounts receivable; (b) the recording of its self-insurance liabilities; (c) valuation of deferred tax assets; and (d) recoverability of goodwill and identifiable intangible assets. These accounting policies, as well as others, are described in Note 2 – Significant Accounting Policies in the accompanying notes to the Company's consolidated financial statements.

Revenue and Cost Recognition

The Company believes its most significant accounting policy is revenue recognition from construction contracts for which it uses the cost-to-cost method of accounting. Under the cost-to-cost method, contract revenue recognizable at any time during the life of a contract is determined by multiplying expected total contract revenue by the percentage of contract costs incurred to total estimated contract costs. Revenue from fixed price and modified fixed price contracts are recognized on the cost-to-cost method, measured by the relationship of total cost incurred to total estimated contract costs.

Contract costs include direct labor, material, and subcontractor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, depreciation, and insurance. These contract costs are included in the Company's results of operations under the caption "Cost of revenue." Then, as the Company performs under those contracts, it measures costs incurred, compares them to total estimated costs to complete the contract, and recognizes a corresponding proportion of contract revenue. Labor costs are considered to be incurred as the work is performed.

Subcontractor labor is recognized as the work is performed but is generally subjected to approval as to milestones or other evidence of completion. Non-labor project costs consist of purchased equipment, prefabricated materials and other materials. Purchased equipment on the Company's projects is substantially produced to job specifications and is a value-added element to its work. The costs are considered to be incurred when title is transferred to the Company, which typically is upon delivery to the worksite. Prefabricated materials, such as ductwork and piping, are generally performed at the Company's shops and recognized as contract costs when fabricated for the unique specifications of the job. Other materials costs are not significant and are generally recorded when delivered to the worksite. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments.

The Company generally does not incur significant costs prior to receiving a contract, and therefore, these costs are expensed as incurred. Upon receiving the contract, these costs are included in contract costs. Selling, general, and administrative costs are charged to expense as incurred. Bidding and proposal costs are also recognized as an expense in the period in which such amounts are incurred. Total estimated contract costs are based upon management's current estimate of total costs at completion. As changes in estimates of contract costs at completion and/or estimated total losses on projects are identified, appropriate earnings adjustments are recorded during the period that the change or loss is identified. Contract revenue for construction contracts is based upon management's estimate of contract prices at completion, including revenue for additional work on which contract pricing has not been finalized (claims). Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to estimated costs and income, and are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are recognized in the period in which such losses are determined.

With respect to the Company's service contracts, there are two basic types of service contracts: fixed price service contracts, which are signed in advance for maintenance, repair and retrofit work over a period, typically of one year, and service contracts not signed in advance for similar maintenance, repair and retrofit work on an as-needed basis. Fixed price service contracts are generally performed evenly over the contract period, and accordingly, revenue is recognized on a pro rata basis over the life of the contract. Revenue derived from other service contracts is recognized when the services are performed. Expenses related to all service contracts are recognized as services are provided.

Project contracts typically provide for a schedule of billings or invoices to the customer based on reaching agreed upon milestones or as the Company incurs costs. The schedules for such billings usually do not precisely match the schedule on which costs are incurred. As a result, contract revenue recognized in the statement of operations can and usually does differ from amounts that can be billed or invoiced to the customer at any point during the contract. Amounts by which cumulative contract revenue recognized on a contract as of a given date exceed cumulative billings to the customer under the contract are reflected as a current asset in the Company's balance sheet under the caption "contract assets." Amounts by which cumulative billings to the customer under a contract as of a given date exceed cumulative contract revenue recognized on the contract are reflected as a current liability in the Company's balance sheet under the caption "contract liabilities."

The cost-to-cost method of accounting is also affected by changes in job performance, job conditions, and final contract settlements. These factors may result in revisions to estimated costs and, therefore, revenue. Such revisions are frequently based on further estimates and subjective assessments. The effects of these revisions are recognized in the period in which revisions are determined. When such revisions lead to a conclusion that a loss will be recognized on a contract, the full amount of the estimated ultimate loss is recognized in the period such conclusion is reached, regardless of the percent complete of the contract.

Revisions to project costs and conditions can give rise to change orders under which the customer agrees to pay additional contract price. Revisions also can result in claims the Company might make against the customer to recover project variances that have not been satisfactorily addressed through change orders with the customer. Claims and unapproved change orders are recorded at estimated net realizable value when realization is probable and can be reasonably estimated. No profit is recognized on the construction costs incurred in connection with claim amounts. See Note 4 – Revenue from Contracts with Customers in the accompanying notes to the Company's consolidated financial statements for information related to unresolved change orders and claims.

Variations from estimated project costs could have a significant impact on the Company's operating results, depending on project size, and the recoverability of the variation via additional customer payments.

In accordance with industry practice, the Company classifies as current all assets and liabilities relating to the performance of long-term contracts. The term of the Company's contracts generally ranges from three months to two years and, accordingly, collection or payment of amounts relating to these contracts may extend beyond one year.

Accounts Receivable and Allowance for Credit Losses

On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, Measurement of Credit Losses on Financial Instruments. The Company develops its allowance for credit losses, which represents an estimate of expected losses over the remaining contractual life of its receivables, using an aging method. Under the aging method, the Company assigns its accounts receivable to a level of delinquency and apply loss rates to each class. The determination of its loss rates require it to make certain judgements and estimates involving, among others, the creditworthiness of its customers, historical loss experiences with customers, the aging of past due balances, the consideration of a customer's financial condition, ongoing relationships with its customers, its lien rights, if any, in the property where it performed the work, the availability, if any, of payment bonds applicable to the contract, current market economic conditions

and a forecast of future economic conditions when appropriate. These estimates are evaluated and adjusted as needed when additional information is received.

Self-insurance Liabilities

The Company is substantially self-insured for workers' compensation, employer's liability, auto liability, general liability and employee group health claims in view of the relatively high per-incident deductibles it absorbs under its insurance arrangements for these risks. Losses are estimated and accrued based upon known facts, historical trends and industry averages. Estimated losses in excess of the Company's deductible, which have not already been paid, are included in the Company's accrual with a corresponding receivable from its insurance carrier.

In addition, the Company is self-insured related to medical and dental claims under policies with annual per-claimant and annual aggregate stop-loss limits. The Company accrues for the unfunded portion of costs for both reported claims and claims incurred but not reported.

The Company believes the liabilities recognized on its balance sheets for these obligations are adequate. However, insurance liabilities are difficult to estimate due to unknown factors, including the severity of any injury, the determination of its liability in proportion to other parties, timely reporting of occurrences, ongoing treatment or loss mitigation, general trends in litigation recovery outcomes and the effectiveness of safety and risk management programs. Therefore, if actual experience differs from the assumptions and estimates used for recording the liabilities, adjustments may be required and would be recorded in the period that such experience becomes known.

Deferred Tax Assets

The Company regularly evaluates the need for valuation allowances related to deferred tax assets for which future realization is uncertain. The Company performs this evaluation quarterly. In assessing the realizability of deferred tax assets, it must consider whether it is more likely than not some portion, or all, of the deferred tax assets will not be realized. The Company considers all available evidence, both positive and negative, in determining whether a valuation allowance is required. Such evidence includes the scheduled reversal of deferred tax liabilities, projected future taxable income, taxable income in prior carryback years and tax planning strategies in making this assessment, and judgment is required in considering the relative weight of negative and positive evidence.

Goodwill and Identifiable Intangible Assets

Goodwill is the excess of purchase price over the fair value of the net assets of acquired businesses. The Company assesses goodwill for impairment each year, and more frequently if circumstances suggest an impairment may have occurred. When the carrying value of a given reporting unit exceeds its fair value, an impairment loss is recorded to the extent that the implied fair value of the goodwill of the reporting unit is less than its carrying value. If other reporting units have had increases in fair value, such increases may not be recorded. Accordingly, such increases may not be netted against impairments at other reporting units. The requirements for assessing whether goodwill has been impaired involve market-based information. This information, and its use in assessing goodwill, entails some degree of subjective assessment.

The Company performs its annual impairment testing as of October 1, and any impairment charges resulting from this process are reported in the fourth quarter. The Company segregates its operations into reporting units based on the degree of operating and financial independence of each unit and its related management of them. The Company performs its annual goodwill impairment analysis at the reporting unit level. Each of the Company's operating units represents an operating segment, and its operating segments are its reporting units.

The Company also reviews intangible assets with definite lives subject to amortization whenever events or circumstances indicate that a carrying amount of an asset may not be recoverable. Events or circumstances that might require impairment testing include the identification of other impaired assets within a reporting unit, loss of key personnel, the disposition of a significant portion of a reporting unit, a significant decline in stock price or a significant adverse change in business climate or regulations. Changes in strategy and/or market condition may also result in adjustments to recorded intangible asset balances or their useful lives.

Off-Balance Sheet and Other Arrangements

Aside from the \$4.1 million and \$3.2 million in irrevocable letters of credit outstanding in connection with the Company's self-insurance program, at December 31, 2023 and 2022, respectively, the Company did not have any relationships with any entities or financial partnerships, such as structured finance or special purpose entities established for the purpose of facilitating off-balance sheet arrangements or other purposes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is a smaller reporting company as defined in Rule 12b-2 of the Exchange Act; therefore, pursuant to Item 301(c) of Regulation S-K, it is not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

LIMBACH HOLDINGS, INC.

Index to Financial Statements

Report of Independent Registered Public Accounting Firm (PCAOB ID 173)	57
Consolidated Balance Sheets as of December 31, 2023 and 2022	60
Consolidated Statements of Operations for the Years Ended December 31, 2023 and 2022	61
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2023 and 2022	62
Consolidated Statements of Cash Flows for the Years Ended December 31, 2023 and 2022	63
Notes to Consolidated Financial Statements	64

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

March 13, 2024

To the Shareholders of Limbach Holdings, Inc.:

Financial Statements and Practices

The accompanying consolidated financial statements of Limbach Holdings, Inc. are the responsibility of and have been prepared by the Company's management in conformity with accounting principles generally accepted in the United States of America. They necessarily include some amounts that are based on its best judgments and estimates. The Company's financial information displayed in other sections of this report is consistent with these financial statements.

The Company seeks to assure the objectivity and integrity of its financial records by careful selection of its managers, by organizational arrangements that provide an appropriate division of responsibility and by communication programs aimed at assuring that its policies, procedures and methods are understood throughout the organization.

The Company has a comprehensive, formalized system of internal controls designed to provide reasonable assurance that assets are safeguarded, that financial records are reliable and that information required to be disclosed in reports filed with or submitted to the Securities and Exchange Commission is recorded, processed, summarized and reported within the required time limits. Appropriate members of management monitor the system for compliance and evaluates it for effectiveness, and the independent registered public accounting firm measures its effectiveness and recommends possible improvements thereto.

The Board of Directors exercises its oversight role in the area of financial reporting and internal control over financial reporting through its Audit Committee. This committee, composed solely of independent directors, regularly meets (jointly and separately) with the independent registered public accounting firm, management, internal audit and other executives to monitor the proper discharge by each of their responsibilities relative to internal control over financial reporting and the Company's financial statements.

Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including the President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. On July 3, 2023, the Company acquired all of the outstanding membership interests of ACME Industrial Piping, LLC. Additionally, on November 1, 2023, the Company acquired all of the outstanding membership interests of Industrial Air, LLC. As the acquisitions occurred in July 2023 and November 2023, the scope of the Company's assessment of the design and operating effectiveness of the Company's internal control over financial reporting for the year ended December 31, 2023 excluded these acquired businesses. The total assets and total revenue excluded from the Company's assessment represented approximately 11% and 2%, respectively, of Limbach Holdings, Inc.'s consolidated total assets and total revenue as of and for the year ended December 31, 2023. This exclusion is in accordance with the SEC's staff guidance that an assessment of a recently acquired business may be omitted from the scope of the Company's evaluation of the effectiveness of its internal controls in the year of acquisition. These acquired businesses will be included in management's assessment of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2024.

Based on this evaluation, the Company's management concluded that Limbach Holdings, Inc.'s internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023 has been audited by Crowe LLP, an independent registered public accounting firm, as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and the Board of Directors of Limbach Holdings, Inc.
Warrendale, Pennsylvania

Opinion on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Limbach Holdings, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Basis for Opinion

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. As permitted, the Company has excluded the operations of ACME Industrial Piping, LLC and Industrial Air, LLC acquired during 2023, which are described in Note 3 of the financial statements, from the scope of management's report on internal control over financial reporting. As such, it has also been excluded from the scope of our audit of internal control over financial reporting. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

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

As described in Notes 2 and 4 to the financial statements, the Company recognizes revenue from performance obligations on construction-type contracts over time using a cost-to-cost input method in which the extent of progress is measured as the ratio of costs incurred to date to the total estimated costs at completion. Revenue recognition under this method requires a significant level of judgement and estimates from management to determine the transaction price and the total estimated cost to complete each contract. During the year ended December 31, 2023, approximately \$254,392,000 of the Company's revenues were derived from construction-type contracts.

The transaction price includes management's estimates of variable consideration it expects to receive from pending change orders and claims to the extent it is probable there will not be a significant reversal of revenue recorded to date. Estimating variable consideration involves significant judgements by management that consider the nature of the variable consideration, project communications such as notices to proceed and work directives from the owner or general contractor, changes in the scope of the contract, historical experience with customers, third-party actions, and management's prior experience with similar facts and circumstances.

Estimated costs to complete for construction-type contracts include all direct labor, materials, equipment, and subcontractor costs as well as certain indirect costs. These estimated costs can vary significantly from original estimates over the course of the contract due to numerous factors including availability of high-skilled labor, material price changes, unforeseen site conditions, unanticipated weather or force majeure events, necessary rework, errors or omissions in plans and specifications, and changes in the scope and timing of contract scope and performance timing.

We considered auditing variable consideration and total estimated costs to complete on construction-type contracts to be critical audit matters, because they involved a high degree of subjectivity and significant auditor judgement, along with extensive audit procedures, in evaluating management's estimates and judgements.

Our audit procedures related to testing the variable consideration and cost to complete included the following:

- Obtained an understanding of management's internal controls and evaluated the design of the controls.
- Tested the operating effectiveness of controls over the reasonableness of estimates of costs to complete on contracts and estimates of variable consideration recognized on contracts.
- Obtained and reviewed the relevant terms of the related contracts and change orders for a sample of contracts.
- Sampled contracts and observed certain internal project review meetings and interviewed project personnel to gain an understanding of the status of projects and tested management's significant judgements related to the recoverability of variable consideration and estimated costs to be incurred to complete the contract.
- Evaluated management's historical ability to estimate total contract cost by performing a comparison of total actual estimated contract cost as compared with prior period estimates, including evaluating the timely identification of circumstances that may warrant a modification to the total estimated contract cost.

Our audit procedures related strictly to testing the variable consideration included the following:

- Evaluated the recorded variable consideration by obtaining management's contractual justification for the recorded amounts on a sample of contracts. This includes obtaining project communications such as notices to proceed and work directives from the owner or general contractor for the changes in the scope of the contract to support the variable consideration.
- Sampled related underlying costs for pending change orders and claims based on their significance to the variable consideration by vouching these costs to the corresponding vendor invoice, subcontractor payment application, or timecard depending on the nature of the associated job cost.

Our audit procedures related strictly to testing the cost to complete included the following:

- Agreed actual costs incurred to underlying support on a sample basis.

- Tested key components of estimated costs to complete including labor, materials, equipment, and subcontractor costs on a sample basis.

Accounting for Acquisitions

As described in Note 3 to the financial statements, the Company completed the acquisition of Industrial Air, LLC in 2023. The Company's acquisition involved a significant level of judgement and estimates from management specifically to estimate the fair value of contingent consideration. We considered auditing the contingent consideration in this transaction to be a critical audit matter, because it was a significant unusual transaction, and involved a high degree of subjectivity and significant auditor judgement in evaluating management's methodology, estimates and judgements.

Our audit procedures related to testing the accounting for this acquisition included the following:

- Testing controls over the accounting for acquisitions, such as controls over the recognition and measurement of consideration paid and payable, including contingent consideration.
- Reading the purchase agreement and comparing the terms of the purchase agreement to management's application of purchase accounting for this acquisition.
- Evaluating the estimated fair value of significant contingent consideration arrangements based on attainment of certain gross profit metrics. In addition, we assessed the terms of the contingent consideration, the valuation methods used, management's gross profit projections, and any other conditions that must be met for the contingent consideration arrangements to become payable. Finally, we evaluated management's classification of contingent payments to continuing employees as either contingent consideration in the business combination or employee compensation.

/s/ Crowe LLP

We have served as the Company's auditor since 2012.

Oak Brook, Illinois

March 13, 2024

LIMBACH HOLDINGS, INC.
Consolidated Balance Sheets

<i>(in thousands, except share data)</i>	<i>As of December 31,</i>	
	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 59,833	\$ 36,001
Restricted cash	65	113
Accounts receivable (net of allowance for credit losses of \$292 and net of allowance for doubtful accounts of \$234 as of December 31, 2023 and 2022, respectively)	97,755	124,442
Contract assets	51,690	61,453
Advances to and equity in joint ventures, net	12	12
Income tax receivable	—	95
Other current assets	7,645	3,874
Total current assets	217,000	225,990
Property and equipment, net	20,830	18,224
Intangible assets, net	24,999	15,340
Goodwill	16,374	11,370
Operating lease right-of-use assets	19,727	18,288
Deferred tax asset	5,179	4,829
Other assets	330	515
Total assets	\$ 304,439	\$ 294,556
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$ 2,680	\$ 9,564
Current operating lease liabilities	3,627	3,562
Accounts payable, including retainage	65,268	75,122
Contract liabilities	42,160	44,007
Accrued income taxes	446	1,888
Accrued expenses and other current liabilities	30,967	24,942
Total current liabilities	145,148	159,085
Long-term debt	19,631	21,528
Long-term operating lease liabilities	16,037	15,643
Other long-term liabilities	2,708	2,858
Total liabilities	183,524	199,114
Commitments and contingencies (Note 13)		
Redeemable convertible preferred stock, net, par value \$0.0001, \$1,000,000 shares authorized, no shares issued and outstanding (\$0 redemption value)	—	—
STOCKHOLDERS' EQUITY		
Common stock, \$0.0001 par value; 100,000,000 shares authorized, issued 11,183,076 and 10,471,410, respectively; 11,003,424 and 10,291,758 outstanding, respectively	1	1
Additional paid-in capital	92,528	87,809
Treasury stock, at cost (179,652 shares at both period ends)	(2,000)	(2,000)
Retained earnings	30,386	9,632
Total stockholders' equity	120,915	95,442
Total liabilities and stockholders' equity	\$ 304,439	\$ 294,556

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

LIMBACH HOLDINGS, INC.
Consolidated Statements of Operations

<i>(in thousands, except share and per share data)</i>	For the Years Ended December 31,	
	2023	2022
Revenue	\$ 516,350	\$ 496,782
Cost of revenue	397,060	403,041
Gross profit	119,290	93,741
Operating expenses:		
Selling, general and administrative	87,397	77,879
Change in fair value of contingent consideration	729	2,285
Amortization of intangibles	1,880	1,567
Total operating expenses	90,006	81,731
Operating income	29,284	12,010
Other (expenses) income:		
Interest expense	(2,046)	(2,144)
Interest income	1,217	—
Loss on early termination of operating lease	—	(849)
Loss on early debt extinguishment	(311)	—
(Loss) gain on change in fair value of interest rate swap	(124)	310
Gain on disposition of property and equipment	80	281
Total other expenses	(1,184)	(2,402)
Income before income taxes	28,100	9,608
Income tax provision	7,346	2,809
Net income	\$ 20,754	\$ 6,799
<u>Earnings Per Share ("EPS")</u>		
Net income per share:		
Basic	\$ 1.93	\$ 0.65
Diluted	\$ 1.76	\$ 0.64
Weighted average number of shares outstanding:		
Basic	10,773,467	10,425,119
Diluted	11,812,098	10,676,534

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

LIMBACH HOLDINGS, INC.
Consolidated Statements of Stockholders' Equity

<i>(in thousands, except share amounts)</i>	Number of Shares		Common stock		Additional paid-in capital		Treasury stock, at cost		Retained earnings		Stockholders' equity	
	Common stock	Treasury stock	Common stock	1	\$ 85,004	\$ —	\$ —	\$ 2,833	\$ 87,838	\$ —	\$ —	\$ —
Balance at January 1, 2022	10,304,242	—	\$ 1	\$ 85,004	\$ —	\$ —	\$ 2,833	\$ 87,838	\$ —	\$ —	\$ —	\$ —
Shares issued related to vested restricted stock units	129,678	—	—	—	—	—	—	—	—	—	—	—
Tax withholding related to vested restricted stock units	—	—	—	—	(148)	—	—	—	—	—	—	(148)
Stock-based compensation	—	—	—	—	2,742	—	—	—	—	—	—	2,742
Shares issued related to employee stock purchase plan	37,490	—	—	—	211	—	—	—	—	—	—	211
Repurchase of common stock under Share Repurchase Program	—	(179,652)	—	—	—	(2,000)	—	—	—	—	—	(2,000)
Net income	—	—	—	—	—	—	—	6,799	6,799	—	—	6,799
Balance at December 31, 2022	10,471,410	(179,652)	\$ 1	\$ 87,809	\$ (2,000)	\$ 9,632	\$ 95,442	\$ —	\$ —	\$ —	\$ —	\$ —
Shares issued related to vested Restricted stock units	251,699	—	—	—	—	—	—	—	—	—	—	—
Tax withholding related to vested restricted stock units	—	—	—	—	(428)	—	—	—	—	—	—	(428)
Stock-based compensation	—	—	—	—	4,910	—	—	—	—	—	—	4,910
Shares issued related to employee stock purchase plan	17,661	—	—	—	237	—	—	—	—	—	—	237
Shares issued related to the exercise of warrants	442,306	—	—	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	20,754	20,754	—	—	20,754
Balance at December 31, 2023	11,183,076	(179,652)	\$ 1	\$ 92,528	\$ (2,000)	\$ 30,386	\$ 120,915	\$ —	\$ —	\$ —	\$ —	\$ —

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

LIMBACH HOLDINGS, INC.
Consolidated Statements of Cash Flows

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 20,754	\$ 6,799
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	8,244	8,158
Noncash operating lease expense	3,824	4,260
Provision for credit losses / doubtful accounts	431	292
Stock-based compensation expense	4,910	2,742
Loss on early debt extinguishment	311	—
Loss on early termination of operating lease	—	849
Amortization of debt issuance costs	79	138
Deferred income tax provision	(350)	(499)
Gain on sale of property and equipment	(80)	(281)
Loss (gain) on change in fair value of interest rate swap	124	(310)
Loss on change in fair value of contingent consideration	729	2,285
Changes in operating assets and liabilities:		
Accounts receivable	32,607	(35,407)
Contract assets	10,397	22,410
Other current assets	(1,486)	1,128
Accounts payable, including retainage	(10,909)	11,282
Contract liabilities	(9,121)	17,296
Income tax receivable	95	19
Accrued income taxes	(1,442)	1,387
Accrued expenses and other current liabilities	2,867	(2,934)
Operating lease liabilities	(3,795)	(4,133)
Payment of contingent consideration liability in excess of acquisition-date fair value	(1,224)	—
Other long-term liabilities	401	(108)
Net cash provided by operating activities	57,366	35,373
Cash flows from investing activities:		
ACME Transaction, net of cash acquired	(4,883)	—
Industrial Air Transaction, net of cash acquired	(10,378)	—
Proceeds from sale of property and equipment	435	498
Purchase of property and equipment	(2,266)	(993)
Net cash used in investing activities	(17,092)	(495)
Cash flows from financing activities:		
Payments on Wintrust and A&R Wintrust Term Loans	(21,452)	(13,429)
Proceeds from Wintrust Revolving Loan	10,000	15,194
Payment on Wintrust Revolving Loan	—	(15,194)
Proceeds from financing transaction	—	5,400
Payments on financing liability	—	(49)
Payment of contingent consideration liability up to acquisition-date fair value	(1,776)	—
Repurchase of common stock under Share Repurchase Program	—	(2,000)
Payments on finance leases	(2,733)	(2,734)
Proceeds from contributions to employee stock purchase plan	368	309
Taxes paid related to net-share settlement of equity awards	(847)	(417)
Payments of debt issuance costs	(50)	(433)
Net cash used in financing activities	(16,490)	(13,353)
Increase (decrease) in cash, cash equivalents and restricted cash	23,784	21,525
Cash, cash equivalents and restricted cash, beginning of year	36,114	14,589
Cash, cash equivalents and restricted cash, end of year	\$ 59,898	\$ 36,114

Supplemental disclosures of cash flow information

Noncash investing and financing transactions:

Earnout liability associated with the ACME Transaction	\$ 1,514	\$ —	—
Earnout liability associated with the Industrial Air Transaction	3,165	—	—
Right of use assets obtained in exchange for new operating lease liabilities	3,135	—	—
Right of use assets obtained in exchange for new finance lease liabilities	5,219	2,634	—
Right of use assets disposed or adjusted modifying operating leases liabilities	1,112	2,455	—
Right of use assets disposed or adjusted modifying finance leases liabilities	(93)	(77)	—
Interest paid	1,908	2,005	—
Cash paid for income taxes	\$ 9,156	\$ 1,979	—

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

LIMBACH HOLDINGS, INC.
Notes to Consolidated Financial Statements

Note 1 – Business and Organization

Limbach Holdings, Inc. (the “Company,” “we” or “us”), a Delaware corporation headquartered in Warrendale, Pennsylvania, was formed on July 20, 2016 as a result of a business combination with Limbach Holdings LLC (“LHLLC”). The Company is a building systems solutions firm who strives to be an indispensable partner to building owners with mission critical building infrastructure. The Company’s focus is in six vertical markets: healthcare, industrial and manufacturing, data centers, life science, higher education and cultural and entertainment. The Company provides comprehensive facility services with expertise in the management and maintenance of mechanical, electrical, plumbing and controls systems who uniquely combines engineering solutions with field installation expertise to provide custom solutions. The Company has more than 1,400 team members in 19 offices across the eastern United States and operates primarily in the Northeast, Mid-Atlantic, Southeast and Midwest regions of the United States.

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

Note 2 – Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”) and based on the assumption that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

Principles of Consolidation

References in these financial statements to the Company refer collectively to the accounts of Limbach Holdings, Inc. and its wholly-owned subsidiaries, including LHLLC, Limbach Facility Services LLC (“LFS”), Limbach Company LLC (“LC LLC”), Limbach Company LP, Harper Limbach LLC, Harper Limbach Construction LLC, Limbach Facility & Project Solutions LLC, Jake Marshall, LLC (“JMLLC”), Coating Solutions, LLC (“CSLLC”), ACME Industrial Piping, LLC (“ACME”) and Industrial Air, LLC (“Industrial Air”) for all periods presented, unless otherwise indicated. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements for assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenue and expenses during the reported period, and the accompanying notes. Management believes that its most significant estimates and assumptions have been based on reasonable and supportable assumptions and the resulting estimates are reasonable for use in the preparation of the consolidated financial statements. The Company’s significant estimates include estimates associated with revenue recognition on construction contracts, costs incurred through each balance sheet date, intangibles, property and equipment, fair value accounting for acquisitions, insurance reserves, income tax valuation allowances, fair value of contingent consideration arrangements and contingencies. If the underlying estimates and assumptions upon which the consolidated financial statements are based change in the future, actual amounts may differ from those included in the accompanying consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less when purchased and are carried at cost, which approximates fair value, due to their short-term maturities. The Company’s cash and cash equivalents consist principally of currency on hand, demand deposits at commercial banks, overnight repurchase agreements, amounts invested in highly liquid money market funds and U.S. Treasury Bills. At times, the Company’s cash deposits may exceed the amount of federal insurance provided on such deposits. The Company has not experienced any losses in such

accounts and believes it is not exposed to significant credit risk beyond the normal credit risk associated with commercial banking relationships. See Note 9 – Fair Value Measurements for further information.

Restricted Cash

Restricted cash is cash held at a commercial bank in an imprest account held for the purpose of funding workers' compensation and general liability claims against the Company. This amount is replenished either when depleted or at the beginning of each month.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Company's consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 59,833	\$ 36,001
Restricted cash	65	113
Total cash, cash equivalents and restricted cash	\$ 59,898	\$ 36,114

Accounts Receivable and Allowance for Credit Losses

On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, Measurement of Credit Losses on Financial Instruments. The carrying value of the receivables, net of the allowance for credit losses, represents their estimated net realizable value. The Company develops its allowances for credit losses, which represent an estimate of expected losses over the remaining contractual life of its receivables, using an aging method. Under the aging method, the Company assigns its accounts receivable to a level of delinquency and applies a loss rates to each class. Loss rates are determined based on historical loss experiences with customers, the consideration of a customer's financial condition, current market economic conditions and a forecast of future economic conditions when appropriate. When the Company becomes aware of a customer's inability to meet its financial obligation, a specific reserve is recorded to reduce the receivable to the expected amount to be collected. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and an adjustment of the account receivable. The majority of customer balances at each balance sheet date are collected within twelve months. As is common practice in the industry, the Company classifies all accounts receivable as current assets. Based on assessments by management, allowances for credit losses were approximately \$0.3 million and \$0.2 million at December 31, 2023 and 2022, respectively.

Joint Ventures

The Company accounts for its participation in certain special purpose, project specific joint ventures under the equity method of accounting. The Company's entry into these joint ventures is for the purpose of bidding, negotiating and completing specific projects. The Company and its joint venture partner(s) separately enter into their own sub-contracts with the joint venture for each party's respective portion of the work. All revenue and expenses and the related contract assets and liabilities related to the Company's sub-contract are recorded within the Company's statements of operations and balance sheets, similarly to any other construction project. The joint venture itself does not accumulate any profits or losses, as the joint venture revenue is equal to the sum of the subcontracts it issues to the joint venture partners. The voting power and management of the joint ventures are shared equally by the joint venture partners, qualifying these entities for joint venture treatment under GAAP. The shared voting power and management responsibilities allow the Company to exercise significant influence without controlling the joint venture entity. As such, the Company applies the equity method of accounting as defined in ASC Topic 323, *Investments – Equity Method and Joint Ventures*.

Revenue Recognition

The Company's revenue is primarily derived from construction-type and service contracts that generally range from three months to two years. The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. ASC Topic 606 provides for a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract
2. Identify performance obligations
3. Determine the transaction price
4. Allocate the transaction price

5. Recognize revenue

Identify the contract with a customer. A contract with a customer exists when: (a) the parties have approved the contract and are committed to perform their respective obligations, (b) the rights of the parties can be identified, (c) payment terms can be identified, (d) the arrangement has commercial substance, and (e) collectability of consideration is probable. Judgment is required when determining if the contractual criteria are met, specifically in the earlier stages of a project when a formally executed contract may not yet exist. In these situations, the Company evaluates all relevant facts and circumstances, including the existence of other forms of documentation or historical experience with its customers that may indicate a contractual agreement is in place and revenue should be recognized. In determining if the collectability of consideration is probable, the Company considers the customer's ability and intention to pay such consideration through an evaluation of several factors, including an assessment of the creditworthiness of the customer and its prior collection history with such customer.

Identify the performance obligations in the contract. At contract inception, the Company assesses the goods or services promised in a contract and identifies, as a separate performance obligation, each distinct promise to transfer goods or services to the customer. The identified performance obligations represent the "unit of account" for purposes of determining revenue recognition. In order to properly identify separate performance obligations, the Company applies judgment in determining whether each good or service provided is: (a) capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and (b) distinct within the context of the contract, whereby the transfer of the good or service to the customer is separately identifiable from other promises in the contract.

Determine the transaction price. The transaction price represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to its customers. The consideration promised within a contract may include fixed amounts, variable amounts, or both. To the extent the performance obligation includes variable consideration, the Company estimates the amount of variable consideration to be included in the transaction price utilizing one of two prescribed methods, depending on which method better predicts the amount of consideration to which the entity will be entitled. Such methods include: (a) the expected value method, whereby the amount of variable consideration to be recognized represents the sum of probability weighted amounts in a range of possible consideration amounts, and (b) the most likely amount method, whereby the amount of variable consideration to be recognized represents the single most likely amount in a range of possible consideration amounts. When applying these methods, the Company considers all information that is reasonably available, including historical, current, and estimates of future performance. The expected value method is typically utilized in situations where a contract contains a large number of possible outcomes while the most likely amount method is typically utilized in situations where a contract has only two possible outcomes.

Variable consideration is included in the transaction price only to the extent it is probable, in the Company's judgment, that a significant future reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This threshold is referred to as the variable consideration constraint. In assessing whether to apply the variable consideration constraint, the Company considers if factors exist that could increase the likelihood or the magnitude of a potential reversal of revenue, including, but not limited to, whether: (a) the amount of consideration is highly susceptible to factors outside of the Company's influence, such as the actions of third parties, (b) the uncertainty surrounding the amount of consideration is not expected to be resolved for a long period of time, (c) the Company's experience with similar types of contracts is limited or that experience has limited predictive value, (d) the Company has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances, and (e) the contract has a large number and broad range of possible consideration amounts.

Pending change orders represent one of the most common forms of variable consideration included within contract value and typically represent contract modifications for which a change in scope has been authorized or acknowledged by the Company's customer but the final adjustment to contract price is yet to be negotiated. In estimating the transaction price for pending change orders, the Company considers all relevant facts, including documented correspondence with the customer regarding acknowledgment of and/or agreement with the modification, as well as historical experience with the customer or similar contractual circumstances. Based upon this assessment, the Company estimates the transaction price, including whether the variable consideration constraint should be applied.

Contract claims are another form of variable consideration which is common within its industry. Claim amounts represent revenue that has been recognized for contract modifications that are not submitted or are in dispute as to both scope and price. In estimating the transaction price for claims, the Company considers all relevant facts available. However, given the uncertainty surrounding claims, including the potential long-term nature of dispute resolution and the broad range of possible consideration amounts, there is an increased likelihood that any additional contract revenue associated with contract claims is constrained. The resolution of claims involves negotiations and, in certain cases, litigation. In the event litigation costs are

incurred by the Company in connection with claims, such litigation costs are expensed as incurred, although it may seek to recover these costs.

Allocate the transaction price to performance obligations in the contract. For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on a relative standalone selling price. The Company determines the standalone selling price based on the price at which the performance obligation would have been sold separately in similar circumstances to similar customers. If the standalone selling price is not observable, the Company estimates the standalone selling price taking into account all available information such as market conditions and internal pricing guidelines. In certain circumstances, the standalone selling price is determined using an expected profit margin on anticipated costs related to the performance obligation.

Recognize revenue as performance obligations are satisfied. Throughout the execution of its construction-type contracts, the Company recognizes revenue with the continuous transfer of control to the customer. The customer typically controls the asset under construction by either contractual termination clauses or by the Company's rights to payment for work already performed on the asset under construction that does not have an alternative use for the Company.

Because control transfers over time, revenue is recognized to the extent of progress towards completion of the performance obligations. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services provided. The Company generally uses the cost-to-cost method for its contracts, which measures progress towards completion for each performance obligation based on the ratio of costs incurred to date to the total estimated costs at completion for the respective performance obligation. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Revenue, including estimated profits, is recorded proportionately as costs are incurred. Cost of operations includes labor, materials, subcontractor costs, and other direct and indirect costs, including depreciation and amortization.

Certain construction-type contracts include retention provisions to provide assurance to the Company's customers that it will perform in accordance with the contract terms and are not considered a financing benefit. The balances billed but not paid by customers pursuant to these provisions generally become due upon completion and acceptance of the project work by the customer. The Company has determined there are no significant financing components in its contracts during the years ended December 31, 2023 and 2022.

For the Company's service-type contracts, revenue is also generally recognized over time as the customer simultaneously receives and consumes the benefits of its performance as the Company performs the service. For its fixed price service-type contracts with specified service periods, revenue is generally recognized on a straight-line basis over such service period when the Company's inputs are expended evenly, and the customer receives and consumes the benefits of its performance throughout the contract term.

Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicate a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

Costs to fulfill its contracts ("pre-bid costs") that are not expected to be recovered from the customer are expensed as incurred and included in selling, general and administrative expenses on its consolidated statements of operations.

In accordance with industry practice, the Company classifies as current all assets and liabilities relating to the performance of contracts.

See Note 4 – Revenue from Contracts with Customers for further information.

Changes in Estimates on Construction Contracts

The accuracy of the Company's revenue and profit recognition in a given period depends on the accuracy of its estimates of the cost to complete each project. There are a number of factors that can contribute to changes in estimates of contract cost and profitability. The most significant of these include:

- The completeness and accuracy of the original bid;
- costs associated with scope changes;

- expected, or actual, resolution terms for claims;
- achievement of contract incentives;
- changes in costs of labor and/or materials;
- extended overhead and other costs due to owner, weather and other delays;
- subcontractor performance issues;
- changes in productivity expectations;
- site conditions that differ from those assumed in the original bid;
- changes from original design on design-build projects;
- the availability and skill level of workers in the geographic location of the project;
- a change in the availability and proximity of equipment and materials;
- its ability to fully and promptly recover on claims and back charges for additional contract costs, and
- the customer's ability to properly administer the contract.

Subsequent to the inception of a construction-type contract in the Company's GCR and ODR segments, the transaction price could change for various reasons, including the executed or estimated amount of change orders and unresolved contract modifications and claims to or from owners. Changes that are accounted for as an adjustment to existing performance obligations are allocated on the same basis at contract inception. Otherwise, changes are accounted for as separate performance obligation(s) and the separate transaction price is allocated.

Changes are made to the transaction price from unapproved change orders to the extent the amount can be reasonably estimated and recovery is probable.

On certain projects, the Company has submitted and has pending unresolved contract modifications and claims to recover additional costs and the associated profit, if applicable, to which it believes it is entitled under the terms of contracts with customers, subcontractors, vendors or others. The owners or their authorized representatives and/or other third parties may be in partial or full agreement with the modifications or claims, or may have rejected or disagree entirely or partially as to such entitlement.

Changes are made to the transaction price from affirmative claims with customers to the extent that additional revenue on a claim settlement with a customer is probable and estimable. A reduction to costs related to claims with non-customers with whom the Company has a contractual arrangement ("back charges") is recognized when the estimated recovery is probable and estimable. Recognizing claims and back charge recoveries requires significant judgments of certain factors including, but not limited to, dispute resolution developments and outcomes, anticipated negotiation results, and the cost of resolving such matters.

The foregoing factors, as well as the stage of completion of contracts in process and the mix of contracts at different margins may cause fluctuations in gross profit and gross profit margin from period to period. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Significant changes in cost estimates, particularly in the Company's larger, more complex projects have had, and can in future periods have, a significant effect on its profitability. Management evaluates changes in estimates on a contract by contract basis and discloses significant changes, if material, in the notes to the consolidated financial statements. The cumulative catch-up method is used to account for revisions in estimates. Provisions for estimated losses on uncompleted contracts are recognized in the period in which such losses are determined.

Goodwill and Impairment of Long-Lived Assets

Goodwill is evaluated for impairment at least annually or whenever events or changes in circumstance indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company may perform either a qualitative assessment of potential impairment or proceed directly to a quantitative assessment of potential impairment. The Company's qualitative assessment of potential impairment may result in the determination that a quantitative impairment analysis is not necessary. Under this elective process, the Company assesses qualitative factors to determine whether the existence of events or circumstances leads the Company to determine that it is more likely than not that the fair value of a reporting unit is less than its

carrying amount. If after assessing the totality of events or circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then a quantitative assessment is not required. However, if the Company concludes otherwise, a quantitative impairment analysis is performed.

If the Company chooses not to perform a qualitative assessment, or if it chooses to perform a qualitative assessment but is unable to qualitatively conclude that no impairment has occurred, then the Company will perform a quantitative assessment. In the case of a quantitative assessment, the Company estimates the fair value of the reporting unit with which the goodwill is associated and compares it to the carrying value. If the estimated fair value of a reporting unit is less than its carrying value, an impairment charge is recognized for the excess of the reporting unit's carrying value over its fair value. See Note 5 – Goodwill and Intangible Assets for further detail.

The Company evaluates long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. With respect to property, plant and equipment and finite lived intangibles, asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre-tax undiscounted cash flows. These cash flow estimates require the Company to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, the Company recognizes an impairment equal to the excess of carrying value over fair value as determined by quoted market prices in active markets or present value techniques if quotes are unavailable. The determination of the fair value using present value techniques requires the Company to make projections and assumptions regarding the probability of a range of outcomes and the rates of interest used in the present value calculations. Any changes the Company makes to these projections and assumptions could result in significant revisions to its evaluations of recoverability and the recognition of additional impairments. See Note 5 – Goodwill and Intangible Assets for further discussion on impairments of long-lived assets.

Intangible Assets

The Company's indefinite-lived intangible assets associated with its trade name are evaluated for impairment at least annually or more frequently if events or circumstances indicate that it is more likely than not that the fair value of its indefinite-lived intangible asset are less than their carrying amount. The Company's identifiable intangible assets with finite lives are either amortized over their useful lives or over the period the Company expects to receive the related economic benefit based upon estimated future cash flows. The Company reviews finite-lived intangible assets for impairment whenever facts and circumstances indicate that their carrying values may not be fully recoverable.

See Note 5 – Goodwill and Intangible Assets for further discussion of the Company's intangible assets.

Property and Equipment, net

Property and equipment, with the exception of the Company's fleet vehicle finance leases, are recorded at cost and depreciated on a straight-line basis over their estimated useful lives. For buildings and leasehold improvements, the Company's useful lives range from 5 years to 40 years; for machinery and equipment, useful lives range from 3 years to 10 years. Expenditures for maintenance and repairs are expensed as incurred. Leasehold improvements for the Company's real estate operating leases are amortized over the lesser of the term of the related lease or the estimated useful lives of the improvements.

The following table summarizes the Company's property and equipment:

<i>(in thousands)</i>	<i>December 31, 2023</i>	<i>December 31, 2022</i>
Land and improvements	\$ 400	\$ 400
Buildings and leasehold improvements	10,997	10,489
Machinery and equipment	31,157	26,061
Finance leases - vehicles ⁽¹⁾	11,665	10,789
Gross property and equipment	54,219	47,739
Less: Accumulated amortization on finance leases	(4,502)	(6,001)
Less: Accumulated depreciation	(28,887)	(23,514)
Property and equipment, net of accumulated amortization and depreciation⁽²⁾	\$ 20,830	\$ 18,224

⁽¹⁾ See additional information provided in Note 14 – Leases.

⁽²⁾ Includes net property and equipment of approximately \$0.5 million and \$2.1 million for the year ended December 31, 2023 related to assets acquired in the ACME Transaction and Industrial Air Transaction, respectively.

Depreciation and amortization expense on property and equipment was \$ 6.4 million and \$6.6 million for the years ended December 31, 2023 and 2022, respectively.

Leases

A lease contract conveys the right to use an underlying asset for a period of time in exchange for consideration. At inception, the Company determines whether a contract contains a lease by determining if there is an identified asset and if the contract conveys the right to control the use of the identified asset in exchange for consideration over a period of time. Leases are classified as either operating or finance, based on the Company's evaluation of certain criteria.

With the exception of short-term leases (leases with an initial term of 12 months or less), at lease commencement, the Company measures and records a lease liability equal to the present value of the remaining lease payments, generally discounted using quoted borrowing rates on its secured debt as the implicit rate is not readily determinable on many of its real estate operating leases. For the Company's fleet vehicles classified as financing leases, it uses the stated interest rate in the lease.

On the lease commencement date, the amount of the right-of-use ("ROU") assets consist of the following:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, minus any lease incentives received; and
- any initial direct costs incurred.

Most of the Company's operating lease contracts have the option to extend or renew. The Company assesses the option for individual leases, and it generally considers the base term to be the term of lease contracts. See Note 14 – Leases for additional information.

The Company periodically evaluates whether events and circumstances have occurred that indicate that the remaining balances of its ROU assets may not be recoverable. The Company uses estimates of future undiscounted cash flows, as well as other economic and business factors, to assess the recoverability of these assets.

Deferred Financing Costs

Deferred financing costs are deferred and amortized to interest expense using the effective interest rate method over the term of the related long-term debt agreement, and the straight-line method for the revolving credit agreement.

Debt issuance costs related to the issuance and/or extension, as applicable, of the Company's term loans are reflected as a direct reduction from the carrying amount of long-term debt. Debt issuance costs related to revolving credit facilities are capitalized and reflected as an other asset.

As a result of the early repayment of the A&R Wintrust Term Loan and certain changes to the members of the loan syndicate under the Second A&R Wintrust Credit Agreement (See Note 7 – Debt), the Company wrote off approximately \$0.3 million of unamortized debt issuance costs, which are reported as a loss on early debt extinguishment on the Company's consolidated statements of operations. See Note 7 – Debt for additional information.

Stock-Based Compensation

Stock-based compensation awards granted to executives, employees, and non-employee directors are measured at fair value and recognized as an expense. For awards with service conditions only, the Company recognizes compensation expense on a graded vesting basis over the requisite service period for each separately vesting tranche of the award based on the closing market price of the Company's common stock at the grant date. For awards with service and performance conditions, the Company recognizes compensation expense based on the closing market price of the Company's common stock at the grant date using the straight-line method over the requisite service period. Estimates of compensation expense for an award with performance conditions are based on the probable outcome of the performance conditions. The cumulative effect of changes in the probability outcomes are recorded in the period in which the changes occur. The Company has elected to account for forfeitures as they occur to determine the amount of compensation expense to be recognized each period. See also Note 17 – Management Incentive Plans for further information.

Income Taxes

The provision for income taxes includes federal, state and local taxes. The Company accounts for income taxes in accordance with ASC Topic 740 - *Income Taxes*, which requires the use of the asset and liability method. Under this method, deferred tax assets and liabilities and income or expense is recognized for the expected future tax consequences of temporary differences

between the financial statement carrying values and their respective tax bases, using enacted tax rates expected to be applicable in the years in which the temporary differences are expected to reverse. Changes in tax rates are recorded to deferred tax assets and liabilities and reflected in the provision for income taxes during the period that includes the enactment date.

The Company evaluates the realizability of its deferred tax assets and establishes a valuation allowance when it is more likely than not that all or a portion of the deferred tax assets will not be realized. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected, scheduling of anticipated reversals of taxable temporary differences, and considering prudent and feasible tax planning strategies.

Any interest or penalties incurred related to unrecognized tax benefits are recorded as tax expense in the provision for income tax expense line item of the accompanying consolidated statements of operations. The consolidated financial statements reflect expected future tax consequences of such positions presuming the taxing authorities have full knowledge of the position and all relevant facts, but without considering time values.

Fair Value Measurements

The Company measures the fair value of financial assets and liabilities in accordance with ASC Topic 820 - *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date;
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities; and
- Level 3 — unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

See also Note 9 – Fair Value Measurements for further information.

Recently Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, Measurement of Credit Losses on Financial Instruments, which introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial instruments, including trade receivables and off-balance sheet credit exposure. Under this guidance, an entity is required to consider a broader range of information to estimate expected credit losses, which may result in earlier recognition of losses. This ASU also requires disclosure of information regarding how a company developed its allowance, including changes in the factors that influenced management's estimate of expected credit losses and the reasons for those changes. The Company adopted ASU 2016-13 on January 1, 2023 using the modified retrospective method, whereby the guidance was applied prospectively as of the date of adoption and prior periods are not restated. The adoption of this ASU did not have a material impact on the Company's financial position or results of operations.

The Company assessed the scope of its financial assets and determined that the guidance associated with ASU 2016-13 is relevant to its trade accounts receivable and contract assets, including retainage. The Company's trade receivables include amounts from work completed in which it has billed or has an unconditional right to bill its customers. The majority of the Company's trade receivables are contractually due in less than a year. The Company further assessed the guidance based on its segment portfolio of receivables. While the Company's construction-type GCR and ODR financial assets are often in the same subset of customers and industries, the Company's construction-type related project work is typically bonded and the customers to which they perform work are well-known, solvent and have no history of receivable write-offs. On the contrary, the Company's service-type work, in particular its ODR core service work, is smaller in nature and is usually more susceptible to customer write-offs. As such, there is greater risk of credit loss on the Company's ODR-related service-type receivables. The Company's contract assets include amounts due under retainage provisions and costs and estimated earnings in excess of billings on uncompleted contracts. The Company has policies and procedures in place where it reviews claims and change

orders on a quarterly basis to determine legal entitlement and recoverability in accordance with ASC 606. As such, the Company has determined the risk of credit loss on its contracts assets to be remote.

As discussed above, the Company develops its allowances for credit losses, which represent an estimate of expected losses over the remaining contractual life of its ODR-related service-type receivables, using an aging method. Under the aging method, the Company assigns its accounts receivable to a level of delinquency and applies a loss rates to each class. Loss rates are determined based on historical loss experiences with customers, the consideration of a customer's financial condition, current market economic conditions and a forecast of future economic conditions when appropriate. When the Company becomes aware of a customer's inability to meet its financial obligation, a specific reserve is recorded to reduce the receivable to the expected amount to be collected.

As part of the Company's analysis of expected credit losses, it may analyze receivables with customers on an individual basis in situations where such accounts receivables exhibit unique risk characteristics and are not expected to experience similar losses to the rest of their class.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This update aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The update also requires disclosure regarding the chief operating decision maker and expands the interim segment disclosure requirements. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of ASU 2023-07 on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. This update requires entities to disclose additional information with respect to the effective tax rate reconciliation and to disclose the disaggregation by jurisdiction of income tax expense and income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statements.

The FASB has issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* in March 2020. This new guidance provides optional expedients for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform, on financial reporting. The risk of termination of the London Interbank Offered Rate (LIBOR), has caused regulators to undertake reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based that are less susceptible to manipulation. ASU 2020-04 was effective between March 12, 2020 and December 31, 2022. However, in December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, extending the sunset date under Topic 848 from December 31, 2022 to December 31, 2024 to align the temporary accounting relief guidance with the expected LIBOR cessation date of June 30, 2023.

In addition, in January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*. The amendments in this update refine the scope for certain optional expedients and exceptions for contract modifications and hedge accounting to apply to derivative contracts and certain hedging relationships affected by the discounting transition. As a result of ASU 2022-06, an entity may now elect to apply the amendments in this update from the beginning of an interim period beginning as of March 12, 2020, through December 31, 2024. The Company has evaluated the impact of adopting the reference rate reform guidance (both ASU 2020-04 and ASU 2021-01) on its consolidated financial statements and has determined that these pronouncements did not have a significant impact. As discussed in Note 7, the A&R Credit Agreement removed LIBOR as a benchmark rate and now utilizes SOFR (as defined in the A&R Credit Agreement) as its replacement. During the second quarter of 2023, the Company entered into the Second A&R Credit Agreement, which also utilizes SOFR as a benchmark rate. In addition, the Company's interest rate swap utilizes SOFR as its benchmark rate.

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)*: Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity and amends the scope guidance for contracts in an entity's own equity. The ASU addresses how convertible instruments are accounted for in the calculation of diluted earnings per share by using the if-converted method. The guidance is effective for all entities for fiscal years beginning after March 31, 2024, albeit early adoption is permitted no earlier than fiscal years beginning after December 15, 2020. Management is currently assessing the impact of this pronouncement on its consolidated financial statements.

Note 3 – Acquisitions

ACME Transaction

On July 3, 2023 (the “ACME Effective Date”), the Company, LFS and ACME, and the owner of ACME (the “ACME Seller”) entered into a Purchase Agreement (the “ACME Purchase Agreement”) pursuant to which LFS purchased all of the outstanding equity interests in ACME from the ACME Seller (the “ACME Transaction”). The ACME Transaction closed on the ACME Effective Date. As a result of the ACME Transaction, ACME became a wholly-owned indirect subsidiary of the Company. ACME specializes in performing industrial maintenance, capital project work, and emergency services for specialty chemical and manufacturing clients, and is a leading mechanical solutions provider for hydroelectric producers. The acquisition expands the Company’s market share within its existing operating footprint, provides further exposure to an attractive customer base and supports the Company’s continued ODR growth strategy.

Total consideration paid by the Company for the ACME Transaction at closing was \$ 5.0 million (the “ACME Closing Purchase Price”), consisting of cash paid to the ACME Seller, subject to typical adjustments for working capital. Of the consideration paid to the ACME Seller, approximately \$0.4 million is being held in escrow for indemnification purposes. The purchase price is subject to customary post-closing adjustments. In addition, the ACME Seller may receive up to an aggregate of \$2.5 million in cash, consisting of two individual tranches of \$0.5 million and \$2.0 million pursuant to the terms of the ACME Purchase Agreement, if the gross profit of ACME equals or exceeds (i) \$2.0 million in the 12-month period beginning on the ACME Effective Date (the “First ACME Earnout Period”) or (ii) \$2.5 million in the 12-month period beginning on the first anniversary of the ACME Effective Date (the “Second ACME Earnout Period” and together with the First ACME Earnout Period, the “ACME Earnout Payments”). Notwithstanding the foregoing, if ACME’s Adjusted EBITDA, as defined within the ACME Purchase Agreement, for calendar year 2023 equaled or exceeded \$2.5 million then the Company would have been required to pay the ACME Seller \$2.5 million, and the ACME Seller would not have been entitled to any further payment. This particular earnout condition was not met as of December 31, 2023.

The Company recorded \$0.5 million in acquisition-related expenses associated with professional fees related to the ACME Transaction during the year ended December 31, 2023, which are included in selling, general and administrative expense in the consolidated statements of operations.

Allocation of Purchase Price. The ACME Transaction was accounted for as a business combination using the acquisition method. The following table summarizes the preliminary purchase price and estimated fair values of assets acquired and liabilities assumed as of the ACME Effective Date, with any excess of purchase price over estimated fair value of the identified net assets acquired recorded as goodwill. As a result of the acquisition, the Company recognized \$2.3 million of goodwill, all of which was allocated to the ODR segment and fully deductible for tax purposes. Such goodwill primarily related to anticipated future earnings. The fair value estimates for the assets acquired and liabilities assumed, as well as the Company’s estimates and assumptions, were subject to change as the Company obtained additional information during the measurement period. During the measurement period, if the Company obtained new information regarding facts and circumstances that existed as of the ACME Effective Date that, if known, would have resulted in revised estimated values of those assets or liabilities, the Company would accordingly revise its fair value estimates and purchase price allocation. Measurement period adjustments are reflected as if the adjustments had been made as of the ACME Effective Date. The impact of all changes that do not qualify as measurement period adjustments would have been included in current period earnings. The Company finalized its purchase price allocation during the fourth quarter of 2023.

The following table summarizes the allocation of the fair value of the assets and liabilities of the ACME Transaction as of the ACME Effective Date by the Company.

<i>(in thousands)</i>	Purchase Price Allocation	Measurement Period Adjustments⁽¹⁾	Final Purchase Price Allocation
Consideration:			
Cash	\$ 5,181	\$ —	\$ 5,181
Earnout provision	1,121	393	1,514
Total Consideration	6,302	393	6,695
Fair value of assets acquired:			
Cash and cash equivalents	298	—	298
Accounts receivable	1,150	—	1,150
Contract assets	414	—	414
Property and equipment	488	—	488
Operating lease right-of-use assets	301	—	301
Intangible assets	2,300	500	2,800
Amount attributable to assets acquired	4,951	500	5,451
Fair value of liabilities assumed:			
Accounts payable, including retainage	170	—	170
Current operating lease liabilities	195	—	195
Accrued expenses and other current liabilities	138	—	138
Contract liabilities	373	—	373
Long-term operating lease liabilities	106	—	106
Amount attributable to liabilities assumed	982	—	982
Goodwill	\$ 2,333	\$ (107)	\$ 2,226

⁽¹⁾ Measurement period adjustments recorded during the year-ended December 31, 2023 included changes in the purchase price allocation and total consideration, resulting in a net decrease of approximately \$0.1 million to goodwill. The measurement period adjustments resulted primarily from valuation inputs pertaining to ACME's intangible assets and earnout provision attributes based on facts and circumstances that existed, but were not known, as of the ACME acquisition date.

For working capital items, such as cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued expenses and other current liabilities, ACME's carrying value was assumed to represent the fair value of these assets due to the current nature of the assets and liabilities. There was no difference between the contract value and fair value of accounts receivable acquired. In addition, the estimated fair value of property and equipment, which generally consists of vehicles, machinery, and equipment, was estimated to approximate its net book value.

As part of the purchase price allocation, the Company identified certain definite-lived intangible assets associated with customer relationships with third-party customers and the acquired trade name and trademarks. The fair value of the customer relationships with third-party customers was determined using the multi-period excess earning method under the income approach. The multi-period excess earnings method is a variation of the discounted cash-flow analysis, which isolates the cash flows that can be associated with a single intangible asset and measures fair value by discounting it back to present value. The fair value of the acquired trade name and trademarks intangible asset was determined using an income approach, specifically known as the relief-from-royalty method. This method requires identifying the future revenue that would be generated by the trademark, multiplying it by a royalty rate deemed to be avoided through ownership of the asset and discounting the projected royalty savings amounts back to the acquisition date. The royalty rate used in the valuation was based on a consideration of market rates for similar categories of assets. Some of the more significant estimates and assumptions inherent in determining the fair value of the identifiable intangible assets are associated with forecasting cash flows and profitability, which represent Level 3 inputs.

The Company calculates amortization of the acquired intangible assets using the straight-line method over the estimated useful lives of each acquired intangible assets. Amortization expense recorded in the consolidated statements of operations for the period from the ACME Effective Date to December 31, 2023 was approximately \$0.2 million. The estimated annual amortization expense is approximately \$ 0.3 million for each of the next five years.

Intangible assets, net as of December 31, 2023 are detailed below.

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Weighted Average Useful Life (Years)
Trade name and trademarks	\$ 200	\$ (19)	\$ 181	4.8
Customer relationships	2,600	(150)	2,450	8.1
Total	\$ 2,800	\$ (169)	\$ 2,631	7.9

The aforementioned contingent ACME Earnout Payments are associated with the achievement of specified gross profit milestones. The Company estimated that the fair value of the ACME Earnout Payments was approximately \$1.5 million at the date of acquisition, inclusive of certain measurement period adjustments, of which the majority of this balance was included in other long-term liabilities in the Company's consolidated balance sheet. The Company determined the initial fair value of the ACME Earnout Payments based on the Monte Carlo Simulation method, which represented a Level 3 measurement. As of the ACME Effective Date, the ACME Earnout Payments associated with the ACME Transaction were valued utilizing discount rates of 12.96% and 21.64%. The discount rates were calculated using the build-up method with a risk-free rate commensurate with the term of the ACME Earnout Payments based on the U.S. Treasury Constant Maturity Yield and certain metric risk premiums determined with reference to a long-term risk free rate, a weighted average cost of capital and certain adjustments for operational leverage. Subsequent to the Effective Date, the ACME Earnout Payments are re-measured at fair value each reporting period. Changes in the estimated fair value of the contingent payments subsequent to the acquisition date are recognized immediately in earnings. See Note 9 for further information.

Industrial Air Transaction

On November 1, 2023 (the "IA Effective Date"), the Company, LFS and Industrial Air, and the owner of Industrial Air (the "IA Seller") entered into a Purchase Agreement (the "IA Purchase Agreement") pursuant to which LFS purchased all of the outstanding equity interests in Industrial Air from the IA Seller (the "Industrial Air Transaction"). The Industrial Air Transaction closed on the IA Effective Date. As a result of the Industrial Air Transaction, Industrial Air became a wholly-owned indirect subsidiary of the Company. Industrial Air serves industrial customers throughout the Southeast United States and along the Eastern seaboard, focusing on delivering engineered air handling systems, including air conditioning and air filtration, along with controls systems and maintenance work. In addition, Industrial Air manufactures a wide range of components for air conditioning and filtration systems. The Industrial Air Transaction provides the Company with a presence in an attractive and growing geographic market, where the acquired entity has a strong ODR customer base and supports the Company's continued ODR growth strategy.

Total consideration paid by the Company for the Industrial Air Transaction at closing was \$ 13.5 million (the "IA Closing Purchase Price"), consisting of cash paid to the IA Seller, subject to typical adjustments for working capital. Of the consideration paid to the IA Seller, approximately \$1.4 million is being held in escrow for indemnification purposes. The purchase price is subject to customary post-closing adjustments. In addition, the IA Seller may receive up to an aggregate of \$6.5 million in cash, consisting of two individual tranches of \$3.0 million and \$3.5 million pursuant to the terms of the Industrial Air Purchase Agreement, if the gross profit of Industrial Air equals or exceeds (i) \$7.6 million in the 12-month period beginning on the IA Effective Date (the "First IA Earnout Period") or (ii) \$8.8 million in the 12-month period beginning on the first anniversary of the IA Effective Date (the "Second IA Earnout Period" and together with the First IA Earnout Period, the "IA Earnout Payments"). However, if the gross profit of Industrial Air is less than \$7.6 million but exceeds \$6.6 million during the First IA Earnout Period then the IA Seller shall receive a portion of the deferred payment made on a pro rata basis. Similarly, if the gross profit of Industrial Air is less than \$8.8 million but exceeds \$7.8 million during the Second IA Earnout Period then the IA Seller shall receive a portion of the deferred payment made on a pro rata basis.

The Company recorded \$0.5 million in acquisition-related expenses associated with professional fees related to the Industrial Air Transaction during the year ended December 31, 2023, which are included in selling, general and administrative expense in the consolidated statements of operations.

Allocation of Purchase Price. The Industrial Air Transaction was accounted for as a business combination using the acquisition method. The following table summarizes the preliminary purchase price and estimated fair values of assets acquired and liabilities assumed as of the IA Effective Date, with any excess of purchase price over estimated fair value of the identified net assets acquired recorded as goodwill. As a result of the acquisition, the Company recognized \$2.8 million of goodwill, all of which was allocated to the ODR segment and fully deductible for tax purposes. Such goodwill primarily related to anticipated future earnings. The Company's accounting for this acquisition is preliminary. The fair value estimates for the assets acquired and liabilities assumed, as well as the Company's estimates and assumptions are subject to change as the Company obtains

additional information during the measurement period. During the measurement period, if the Company obtains new information regarding facts and circumstances that existed as of the IA Effective Date that, if known, would have resulted in revised estimated values of those assets or liabilities, the Company will accordingly revise its fair value estimates and purchase price allocation. Measurement period adjustments are reflected as if the adjustments had been made as of the IA Effective Date. The impact of all changes that do not qualify as measurement period adjustments will be included in current period earnings. The Company expects to finalize its purchase price allocation within one year of the IA Effective Date. The Company continues to analyze and assess relevant information necessary to determine, recognize and record at fair value the assets acquired and liabilities assumed.

The following table summarizes the preliminary allocation of the fair value of the assets and liabilities of the Industrial Air Transaction as of the IA Effective Date by the Company.

<i>(in thousands)</i>	Purchase Price Allocation	
Consideration:		
Cash	\$	11,527
Earnout provision		3,165
Total Consideration		14,692
Fair value of assets acquired:		
Cash and cash equivalents		1,149
Accounts receivable		5,200
Inventory		1,290
Contract assets		220
Other current assets		993
Property and equipment		1,447
Operating lease right-of-use assets ⁽¹⁾		3,756
Intangible assets		8,720
Amount attributable to assets acquired		22,775
Fair value of liabilities assumed:		
Accounts payable, including retainage		885
Current operating lease liabilities		475
Contract liabilities		6,900
Accrued expenses and other current liabilities		347
Long-term operating lease liabilities		2,254
Amount attributable to liabilities assumed		10,861
Goodwill	\$	2,778

⁽¹⁾ As a result of the Industrial Air Transaction, the Company recognized a \$1.0 million below-market lease, which was recorded as an increase to the Company's operating lease right-of-use assets on its consolidated balance sheet as of the IA Effective Date. The below-market lease will be amortized to amortization expense over the remaining lease term.

For working capital items, such as cash and cash equivalents, accounts receivable, inventory, other current assets, accounts payable, and accrued expenses and other current liabilities, Industrial Air's carrying value was assumed to represent the fair value of these assets due to the current nature of the assets and liabilities. There was no difference between the contract value and fair value of accounts receivable acquired. In addition, the estimated fair value of property and equipment, which generally consists of machinery, equipment and leasehold improvements, was estimated to approximate its net book value.

As part of the purchase price allocation, the Company identified certain definite-lived intangible assets associated with customer relationships with third-party customers, the acquired trade name and trademarks, acquired intellectual property, acquired backlog and a below market lease agreement. The fair values of the customer relationships with third-party customers and acquired backlog were determined using the multi-period excess earning method under the income approach. The multi-period excess earnings method is a variation of the discounted cash-flow analysis, which isolates the cash flows that can be

associated with a single intangible asset and measures fair value by discounting it back to present value. The fair value of the acquired trade name, trademarks and intellectual property intangible assets were determined using an income approach, specifically known as the relief-from-royalty method. This method requires identifying the future revenue that would be generated by the trade name, trademark and intellectual property, multiplying it by a royalty rate deemed to be avoided through ownership of the asset and discounting the projected royalty savings amounts back to the acquisition date. The royalty rate used in the valuation was based on a consideration of market rates for similar categories of assets. The fair value of the below-market lease was determined by comparing the difference between the annual lease contract rent over the remaining contractual term to a market rate cash flow stream, discounted to the present value. Some of the more significant estimates and assumptions inherent in determining the fair value of the identifiable intangible assets are associated with forecasting cash flows and profitability, which represent Level 3 inputs.

The Company calculates amortization of the acquired intangible assets using the straight-line method over the estimated useful lives of each acquired intangible assets. Amortization expense recorded in the consolidated statements of operations for the period from the Industrial Air Effective Date to December 31, 2023 was approximately \$0.5 million. The estimated annual amortization expense is approximately \$2.2 million for 2024 and \$0.9 million each of the next four years.

Intangible assets, net as of December 31, 2023 are detailed below.

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Weighted Average Useful Life (Years)
Trade name, trademarks and intellectual property	\$ 2,710	\$ (58)	\$ 2,652	7.6
Customer relationships	4,390	(99)	4,291	7.2
Backlog	1,620	(324)	1,296	0.6
Total	\$ 8,720	\$ (481)	\$ 8,239	6.3

The aforementioned contingent IA Earnout Payments are associated with the achievement of specified gross profit milestones. The Company estimated that the fair value of the IA Earnout Payments was approximately \$3.2 million at the date of acquisition, of which the majority of this balance was included in other long-term liabilities in the Company's consolidated balance sheet as of December 31, 2023. The Company determined the initial fair value of the IA Earnout Payments based on the Monte Carlo Simulation method, which represented a Level 3 measurement. As of the Industrial Air Effective Date, the IA Earnout Payments associated with the Industrial Air Transaction were valued utilizing a discount rate of 13.68%. The discount rate was calculated using the build-up method with a risk-free rate commensurate with the term of the IA Earnout Payments based on the U.S. Treasury Constant Maturity Yield and certain metric risk premiums determined with reference to a long-term risk free rate, a weighted average cost of capital and certain adjustments for operational leverage. Subsequent to the IA Effective Date, the IA Earnout Payments are re-measured at fair value each reporting period. Changes in the estimated fair value of the contingent payments subsequent to the acquisition date are recognized immediately in earnings.

Note 4 – Revenue from Contracts with Customers

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

The Company generally invoices customers on a monthly basis, based on a schedule of values that breaks down the contract amount into discrete billing items. Costs and estimated earnings in excess of billings on uncompleted contracts are recorded as a contract asset until billable under the contract terms. Billings in excess of costs and estimated earnings on uncompleted contracts are recorded as a contract liability until the related revenue is recognizable. The Company classifies contract assets and liabilities that may be settled beyond one year from the balance sheet date as current, consistent with the length of time of the Company's project operating cycle.

Contract assets

Contract assets include amounts due under retainage provisions and costs and estimated earnings in excess of billings on uncompleted contracts. The components of the contract asset balances as of the respective dates were as follows:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022	Change
Contract assets			
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 29,247	\$ 33,573	\$ (4,326)
Retainage receivable	22,443	27,880	(5,437)
Total contract assets	\$ 51,690	\$ 61,453	\$ (9,763)

Retainage receivable represents amounts invoiced to customers where payments have been partially withheld, typically 10%, pending the completion of certain milestones, satisfaction of other contractual conditions or the completion of the project. Retainage agreements vary from project to project and balances could be outstanding for several months or years depending on a number of circumstances such as contract-specific terms, project performance and other variables that may arise as the Company makes progress towards completion.

Contract assets represent the excess of contract costs and profits (or contract revenue) over the amount of contract billings to date and are classified as a current asset. Contract assets result when either: (1) the appropriate contract revenue amount has been recognized over time in accordance with ASC Topic 606, but a portion of the revenue recorded cannot be currently billed due to the billing terms defined in the contract, or (2) costs are incurred related to certain claims and unapproved change orders. Claims occur when there is a dispute regarding both a change in the scope of work and the price associated with that change. Unapproved change orders occur when a change in the scope of work results in additional work being performed before the parties have agreed on the corresponding change in the contract price. The Company routinely estimates recovery related to claims and unapproved change orders as a form of variable consideration at the most likely amount it expects to receive and to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Claims and unapproved change orders are billable upon the agreement and resolution between the contractual parties and after the execution of contractual amendments. Increases in claims and unapproved change orders typically result from costs being incurred against existing or new positions; decreases normally result from resolutions and subsequent billings.

The current estimated net realizable value on such items as recorded in contract assets and contract liabilities in the consolidated balance sheets was \$19.5 million and \$28.5 million as of December 31, 2023 and 2022, respectively. The Company currently anticipates that the majority of such amounts will be approved or executed within one year. The resolution of those claims and unapproved change orders that may require litigation or other forms of dispute resolution proceedings may delay the timing of billing beyond one year.

Contract liabilities

Contract liabilities include billings in excess of contract costs and provisions for losses. The components of the contract liability balances as of the respective dates were as follows:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022	Change
Contract liabilities			
Billings in excess of costs and estimated earnings on uncompleted contracts	\$ 41,987	\$ 43,806	\$ (1,819)
Provisions for losses	173	201	(28)
Total contract liabilities	\$ 42,160	\$ 44,007	\$ (1,847)

Billings in excess of costs and estimated earnings on uncompleted contracts represent the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date. The balance may fluctuate depending on the timing of contract billings and the recognition of contract revenue.

Provisions for losses are recognized in the consolidated statements of operations at the uncompleted performance obligation level for the amount of total estimated losses in the period that evidence indicates that the estimated total cost of a performance obligation exceeds its estimated total revenue.

The net (overbilling) underbilling position for contracts in process consisted of the following:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Revenue earned on uncompleted contracts	\$ 551,120	\$ 678,014
Less: Billings to date	(563,860)	(688,247)
Net (overbilling) underbilling	\$ (12,740)	\$ (10,233)

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 29,247	\$ 33,573
Billings in excess of costs and estimated earnings on uncompleted contracts	(41,987)	(43,806)
Net (overbilling) underbilling	\$ (12,740)	\$ (10,233)

Revisions in Contract Estimates

The Company recorded revisions in its contract estimates for certain GCR and ODR projects. During the year ended December 31, 2023, the Company recorded material gross profit write-ups on two GCR projects for a total of \$ 2.2 million and two material GCR project gross profit write-downs for a total of \$1.3 million that had a net gross profit impact of \$ 0.5 million or more. During the year ended December 31, 2023, the Company recorded a material gross profit write-down on one ODR segment project for a total of \$ 1.0 million. During the year ended December 31, 2022, the Company recorded material gross profit write-ups of \$3.0 million on three GCR projects and four material GCR project gross profit write-downs for a total of \$ 2.8 million that had a net gross profit impact of \$0.5 million or more. There were no material write-ups or write-downs within the ODR segment during the year ended December 31, 2022.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price of firm orders for which work has not been performed and exclude unexercised contract options. The Company's remaining performance obligations include projects that have a written award, a letter of intent, a notice to proceed or an agreed upon work order to perform work on mutually accepted terms and conditions.

As of December 31, 2023, the aggregate amount of the transaction prices allocated to the remaining performance obligations of the Company's GCR and ODR segment contracts were \$186.9 million and \$127.3 million, respectively. The Company currently estimates that 83% and 95% of its GCR and ODR segment remaining performance obligations as of December 31, 2023, respectively, will be recognized as revenue during 2024, with the substantial majority of remaining performance obligations to be recognized within 24 months, although the timing of the Company's performance is not always under its control.

Additionally, the difference between remaining performance obligations and backlog is due to the exclusion of a portion of the Company's ODR agreements under certain contract types from the Company's remaining performance obligations as these contracts can be canceled for convenience at any time by the Company or the customer without considerable cost incurred by the customer.

Note 5 – Goodwill and Intangible Assets

Goodwill

Goodwill was \$16.4 million and \$11.4 million as of December 31, 2023 and 2022, respectively, and is entirely associated with the Company's ODR segment. The Company tests its goodwill and indefinite-lived intangible assets allocated to its reporting units for impairment annually on October 1, or more frequently if events or circumstances indicate that it is more likely than not that the fair value of its reporting units and indefinite-lived intangible asset are less than their carrying amount. The Company has the option to assess goodwill for possible impairment by performing a qualitative analysis to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A quantitative assessment is performed if the qualitative assessments results in a more-likely-than-not determination or if a qualitative assessment is not performed.

On October 1, 2023, the Company performed a qualitative assessment. In conducting that qualitative assessment, the Company analyzed a variety of events or factors that may influence the fair value of the reporting unit or indefinite-life intangible, including, but not limited to: if applicable; changes in the carrying amount of the reporting unit or indefinite-life intangible; actual and projected revenue and operating margin; relevant market data for both the Company and its peer companies; industry outlooks; macroeconomic conditions; liquidity; changes in key personnel; and the Company's competitive position. Significant judgment was used to evaluate the totality of these events and factors to make the determination of whether it is more likely

than not that the fair value of the reporting units or indefinite-life intangible is less than its carrying value. No impairment losses were identified as a result of its qualitative assessment during the year ended December 31, 2023.

During the fourth quarter of 2022, the Company performed a quantitative impairment assessment for its ODR reporting unit in which the Company determined that the fair value of the ODR reporting unit was greater than its respective carrying value. No impairment to goodwill was recorded as a result of the annual assessment.

The following table summarizes the carrying amount of goodwill associated with the Company's segments for the years ended December 31, 2023 and 2022.

(in thousands)	GCR	ODR	Total
Goodwill as of January 1, 2022	\$ —	\$ 11,370	\$ 11,370
Goodwill as of December 31, 2022	—	11,370	11,370
Goodwill associated with the ACME Transaction ⁽¹⁾	—	2,226	2,226
Goodwill associated with the Industrial Air Transaction	—	2,778	2,778
Goodwill as of December 31, 2023	\$ —	\$ 16,374	\$ 16,374

⁽¹⁾ Includes certain adjustments, net, to preliminary estimates of fair value within the measurement period of up to one-year from the date of the ACME Transaction. Measurement period adjustments, net, relate primarily to an increase in certain definite-lived intangible assets, partially offset by an increase in total consideration associated with the earnout provision. See Note 3 – Acquisitions for further information.

Intangible Assets

The Company reviews intangible assets with definite lives subject to amortization whenever events or changes in circumstances (triggering events) indicate that the carrying amount of an asset may not be recoverable. Intangible assets with definite lives subject to amortization are amortized on a straight-line or accelerated basis with estimated useful lives ranging from 1 to 15 years. Events or circumstances that might require impairment testing include the identification of other impaired assets within a reporting unit, loss of key personnel, the disposition of a significant portion of a reporting unit, a significant decline in stock price, or a significant adverse change in the Company's business climate or regulations affecting the Company.

The Company did not recognize an impairment charge on its indefinite-lived intangible asset for the years ended December 31, 2023 and 2022.

Definite-lived and indefinite-lived intangible assets consist of the following:

(in thousands)	Gross carrying amount	Accumulated amortization	Net intangible assets, excluding goodwill
December 31, 2023			
Amortized intangible assets:			
Customer relationships	\$ 15,320	\$ (5,249)	\$ 10,071
Backlog	2,560	(1,264)	1,296
Trade name, trademarks and intellectual property	4,250	(578)	3,672
Total amortized intangible assets	22,130	(7,091)	15,039
Unamortized intangible assets:			
Trade name – Limbach ⁽¹⁾	9,960	—	9,960
Total unamortized intangible assets	9,960	—	9,960
Total amortized and unamortized assets, excluding goodwill	\$ 32,090	\$ (7,091)	\$ 24,999

⁽¹⁾ The Company has determined that its trade name has an indefinite useful life. The Limbach trade name has been in existence since the Company's founding in 1901 and therefore is an established brand within the industry.

<i>(in thousands)</i>	Gross carrying amount	Accumulated amortization	Net intangible assets, excluding goodwill
December 31, 2022			
Amortized intangible assets:			
Customer relationships	\$ 8,330	\$ (4,288)	\$ 4,042
Backlog	940	(643)	297
Trade name	1,340	(299)	1,041
Total amortized intangible assets	10,610	(5,230)	5,380
Unamortized intangible assets:			
Trade name – Limbach	9,960	—	9,960
Total unamortized intangible assets	9,960	—	9,960
Total amortized and unamortized assets, excluding goodwill	\$ 20,570	\$ (5,230)	\$ 15,340

Total amortization expense for the Company's definite-lived intangible assets was \$ 1.9 million and \$1.6 million for the years ended December 31, 2023 and 2022, respectively.

The estimated remaining useful lives of definite-lived intangible assets are as follows:

Intangible Asset	Amortization Method	Weighted Average Remaining Useful Life (Years)
Customer relationships	Straight line / Pattern of economic benefit	6.9
Trade name, trademarks and intellectual property	Straight line	6.6
Backlog	Straight line	0.6

Estimated amortization expense is as follows for the years ending December 31:

<i>(in thousands)</i>	Estimated Amortization Expense
2024	\$ 3,444
2025	2,110
2026	2,081
2027	2,056
2028	1,860
2029 and thereafter	3,488
Total	\$ 15,039

Note 6 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Accrued payroll and related liabilities	\$ 5,561	\$ 4,545
Accrued bonus and commissions	12,254	9,682
Accrued insurance liabilities	1,007	715
Accrued job costs	2,710	1,913
Assurance-type warranty liabilities	1,500	1,581
Estimated loss contingency	650	2,182
Earnout Payments accrued, current	5,719	2,859
Other accrued liabilities	1,566	1,465
Total	\$ 30,967	\$ 24,942

The Company's construction-type contracts regularly include warranties to end customers that guarantee the work performed against defects in workmanship and the material it supplies. These standard warranties are assurance-type warranties and do not offer any additional services. Therefore, these assurance-type warranties are not considered separate performance obligations and the expected cost of assurance-type warranties are accrued as an expense within cost of revenue.

The Company's reconciliation of assurance-type warranties are as follows:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Balance at the beginning of the period	\$ 1,581	\$ 3,310
Accruals for warranties issued	261	302
Accruals related to pre-existing warranties (including changes in estimates)	932	(494)
Settlements made	(1,274)	(1,537)
Balance at the end of the period	\$ 1,500	\$ 1,581

The Company also offers service-type warranties on certain construction-type projects. These service-type warranties were not accounted for as a separate performance obligation prior to the adoption of ASC Topic 606. Upon adoption of ASC Topic 606, the Company allocated a portion of the contract's transaction price to the service-type warranty based on its estimated standalone selling price. The accounting for service-type warranties under ASC Topic 606 did not have a material impact to the consolidated financial statements as of December 31, 2023 and 2022.

Note 7 – Debt

Long-term debt consists of the following obligations as of:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
A&R Wintrust Term Loan - term loan payable in quarterly installments of principal, (commencing in December 2021) plus interest through February 2026	\$ —	\$ 21,453
A&R Wintrust Revolving Loan	10,000	—
Finance leases – collateralized by vehicles, payable in monthly installments of principal, plus interest ranging from 3.96% to 8.60% through 2030	7,347	4,954
Financing liability	5,351	5,351
Total debt	\$ 22,698	\$ 31,758
Less – Current portion of long-term debt	(2,680)	(9,564)
Less – Unamortized discount and debt issuance costs	(387)	(666)
Long-term debt	\$ 19,631	\$ 21,528

Maturities of long-term debt and finance leases at December 31, 2023 are as follows:

<i>(in thousands)</i>		
2024	\$ 2,653	
2025	2,039	
2026	1,650	
2027	845	
2028 and thereafter	15,512	
Total	\$ 22,698	

Wintrust Term and Revolving Loans

On February 24, 2021, LFS, LHLLC and the direct and indirect subsidiaries of LFS from time to time included as parties to the agreement (the "Wintrust Guarantors") entered into a credit agreement (the "Wintrust Credit Agreement") by and among LFS, LHLLC, Wintrust Guarantors, the lenders party thereto from time to time, Wheaton Bank & Trust Company, N.A., a subsidiary of Wintrust Financial Corporation (collectively, "Wintrust"), as administrative agent and L/C issuer, Bank of the West as documentation agent, M&T Bank as syndication agent, and Wintrust as lead arranger and sole book runner.

In accordance with the terms of the Wintrust Credit Agreement, Lenders provided to LFS (i) a \$ 30.0 million senior secured term loan (the "Wintrust Term Loan"); and (ii) a \$25.0 million senior secured revolving credit facility with a \$5.0 million

sublimit for the issuance of letters of credit (the "Wintrust Revolving Loan" and, together with the Wintrust Term Loan, the "Wintrust Loans"). Proceeds of the Wintrust Loans were used to refinance certain existing indebtedness, finance working capital and other general corporate purposes and fund certain fees and expenses associated with the closing of the Wintrust Loans.

The Wintrust Revolving Loan initially bore interest, at LFS's option, at either LIBOR (with a 0.25% floor) plus 3.5% or a base rate (with a 3.0% floor) plus 0.50%, subject to a 50 basis point step-down based on the ratio between the senior debt of the Company and its subsidiaries to the EBITDA (earnings before interest, income taxes, depreciation and amortization) of LFS and its subsidiaries for the most recently ended four fiscal quarters. The Wintrust Term Loan initially bore interest, at LFS's option, at either LIBOR (with a 0.25% floor) plus 4.0% or a base rate (with a 3.0% floor) plus 1.00%, subject to a 50 (for LIBOR) or 75 (for base rate) basis point step-down based on the Senior Leverage Ratio (as defined below).

LFS initially was required to make principal payments on the Wintrust Term Loan in \$ 0.5 million installments on the last business day of each month commencing on March 31, 2021 with a final payment of all principal and interest not sooner paid on the Wintrust Term Loan due and payable on February 24, 2026.

In conjunction with the Jake Marshall Transaction, the Company entered into an amendment to the Wintrust Credit Agreement (the "A&R Wintrust Credit Agreement"). In accordance with the terms of the A&R Credit Agreement, Lenders provided to LFS (i) a \$35.5 million senior secured term loan (the "A&R Wintrust Term Loan"); and (ii) a \$25 million senior secured revolving credit facility with a \$5 million sublimit for the issuance of letters of credit (the "A&R Wintrust Revolving Loan" and, together with the Term Loan, the "A&R Wintrust Loans"). The overall Wintrust Term Loan commitment under the A&R Wintrust Credit Agreement was recast at \$35.5 million in connection with the A&R Credit Agreement. A portion of the A&R Wintrust Term Loan commitment was used to fund the closing purchase price of the Jake Marshall Transaction. The A&R Credit Agreement was also amended to: (i) permit the Company to undertake the Jake Marshall Transaction, (ii) make certain adjustments to the covenants under the A&R Credit Agreement (which were largely done to make certain adjustments for the Jake Marshall Transaction), (iii) allow for the Jake Marshall Earnout Payments under the Jake Marshall Transaction, and (iv) make other corresponding changes to the A&R Credit Agreement.

The A&R Wintrust Revolving Loan bore interest, at LFS's option, at either the Term SOFR (as defined in the A&R Credit Agreement) (with a 0.15% floor) plus 3.60%, 3.76% or 3.92% for a tenor of one month, three months or six months, respectively, or a base rate (as set forth in the A&R Credit Agreement) (with a 3.0% floor) plus 0.50%, subject to a 50 basis point step-down based on the ratio between the senior debt of the Company and its subsidiaries to the EBITDA of LFS and its subsidiaries for the most recently ended four fiscal quarters (the "Senior Leverage Ratio"). The A&R Wintrust Term Loan bore interest, at LFS's option, at either Term SOFR (with a 0.15% floor) plus 4.10%, 4.26% or 4.42% for a tenor of one month, three months or six months, respectively, or a base rate (with a 3.0% floor) plus 1.00%, subject to a 50 (for Term SOFR) or 75 (for base rate) basis point step-down based on the Senior Leverage Ratio.

The A&R Wintrust Term Loan was payable through a combination of (i) monthly installments of approximately \$ 0.6 million due on the last business day of each month commencing on December 31, 2021, (ii) annual Excess Cash Flow payments as defined in the A&R Wintrust Credit Agreement, which are due 120 days after the last day of the Company's fiscal year and (iii) Net Claim Proceeds from Legacy Claims as defined in the A&R Wintrust Credit Agreement. Subject to defaults and remedies under the A&R Credit Agreement, the final payment of all principal and interest not sooner paid on the A&R Wintrust Term Loan was due and payable on February 24, 2026. Subject to defaults and remedies under the A&R Credit Agreement, the A&R Wintrust Revolving Loan would have matured and become due and payable by LFS on February 24, 2026. During the second quarter of 2022, the Company made certain Excess Cash Flow and Net Claim Proceeds payments of \$3.3 million and \$2.1 million, respectively, which concurrently reduced the outstanding A&R Wintrust Term Loan balance. In addition, during the third quarter of 2022, the Company made a Net Claim Proceeds payment of \$0.6 million, which was also applied against the outstanding A&R Wintrust Term Loan balance.

The A&R Wintrust Loans were secured by (i) a valid, perfected and enforceable lien of the administrative agent on the ownership interests held by each of LFS and Wintrust Guarantors in their respective subsidiaries; and (ii) a valid, perfected and enforceable lien of the administrative agent on each of LFS and Wintrust Guarantors' personal property, fixtures and real estate, subject to certain exceptions and limitations. Additionally, the re-payment of the A&R Wintrust Loans shall be jointly and severally guaranteed by each Wintrust Guarantor.

The A&R Credit Agreement contained representations and warranties, covenants and events of default that are customary for facilities of this type, as more particularly described in the A&R Credit Agreement. The A&R Wintrust Loans also contain three financial maintenance covenants, including (i) a requirement to have as of the last day of each quarter for the senior leverage ratio of the Company and its subsidiaries not to exceed an amount beginning at 2.00 to 1.00, (ii) a fixed charge coverage ratio of not less than 1.20 to 1.00 as of the last day of each fiscal quarter, commencing with the fiscal quarter ending December 31,

2021, and (iii) no unfinanced capital expenditures, except for unfinanced capital expenditures in the ordinary course of business not exceeding in the aggregate \$4.0 million during any fiscal year; and no default or event of default (as defined by the agreement) has occurred and is continuing, 50% of any portion of this annual limit, if not expended in the fiscal year for which it is permitted, may be carried over for expenditure in the next following fiscal year as stipulated by the agreement. LFS and its affiliates maintain various commercial and service relationships with certain members of the syndicate and their affiliates in the ordinary course of business.

On May 5, 2022, the Company, LFS and LHLLC entered into a first amendment and waiver to the A&R Wintrust Credit Agreement (the "First Amendment to the A&R Wintrust Credit Agreement") with the lenders party thereto and Wintrust, as administrative agent. The First Amendment to the A&R Wintrust Credit Agreement modifies certain definitions within the A&R Wintrust Credit Agreement, and make other corresponding changes, including: (i) the definition of "EBITDA" to allow for the recognition of certain restructuring charges and lease breakage costs not previously specified, (ii) the definition of "Excess Cash Flow" to exclude the aggregate amount of the Earnout Payments paid in cash, (iii) the definition of "Total Funded Debt" to exclude certain capitalized lease obligations for real estate based on the approval of each lender and (iv) the definition of "Disposition" to include a clause for the sale and leaseback of certain real property based on the approval of each lender.

In July 2022, the Company entered into an interest rate swap agreement to manage the risk associated with a portion of its variable-rate long-term debt. The interest rate swap involves the exchange of fixed-rate and variable-rate payments without the exchange of the underlying notional amount on which the interest payments are calculated. The new swap agreement became effective on July 14, 2022 and will terminate on July 31, 2027. The notional amount of the swap agreement is \$10.0 million with a fixed interest rate of 3.12%. If the one-month SOFR (as defined in the A&R Credit Agreement) is above the fixed rate, the counterparty pays the Company, and if the one-month SOFR is less than the fixed rate, the Company pays the counterparty, the difference between the fixed rate of 3.12% and one-month SOFR. The Company has not designated this instrument as a hedge for accounting purposes. As a result, the change in fair value of the derivative instrument is recognized directly in earnings on the Company's consolidated statements of operations as a gain or loss on interest rate swap. Refer to Note 9 for further information regarding this interest rate swap.

On September 28, 2022, the Company, LFS and LHLLC entered into a second amendment and waiver to the amended and restated Wintrust credit agreement (the "Second Amendment to the A&R Wintrust Credit Agreement") with the lenders party thereto and Wintrust, as administrative agent. The Second Amendment to the A&R Wintrust Credit Agreement incorporates certain restricted payment provisions, among other things, to permit LFS to repurchase shares under the Company's Share Repurchase Program (as defined in Note 8 – Equity).

On May 5, 2023, LFS, LHLLC and the direct and indirect subsidiaries of LFS from time to time included as parties to the agreement entered into the Second Amended and Restated Credit Agreement (the "Second A&R Credit Agreement") with the lenders party thereto and Wintrust, as administrative agent, which amends and restates the A&R Wintrust Credit Agreement. In accordance with the Second A&R Credit Agreement (i) lenders provided to LFS a \$50.0 million senior secured revolving credit facility with a \$5.0 million sublimit for the issuance of letters of credit, an increase of \$ 25.0 million over the A&R Wintrust Revolving Loan, with a maturity date of February 24, 2028 (the "Second A&R Wintrust Revolving Loan"), and (ii) LFS repaid the then outstanding principal balance of the A&R Wintrust Term Loan using proceeds of the Second A&R Wintrust Revolving Loan. Prior to the execution of this agreement, the Company repaid \$9.6 million of the then outstanding balance under the A&R Term Loan with cash on hand. As a result of the early repayment of the A&R Wintrust Term Loan and certain changes to the members of the loan syndicate under the Second A&R Wintrust Credit Agreement, the Company wrote off approximately \$0.3 million of unamortized debt issuance costs, which are reported as a loss on early debt extinguishment on the Company's condensed consolidated statements of operations.

Prior to its repayment on May 5, 2023 and as of December 31, 2022, the interest rate in effect on the non-hedged portion of the A&R Wintrust Term Loan was 9.25% and 8.50%, respectively. For the period from January 1, 2023 through May 5, 2023, the Company incurred interest on the A&R Wintrust Term Loan at a weighted average annual interest rate of 8.76%. For the year ended December 31, 2022, the Company incurred interest on the A&R Wintrust Term Loan at a weighted average annual interest rate of 5.68%.

The Second A&R Wintrust Revolving Loan bears interest, at LFS's option, at either the Term SOFR (as defined in the Second A&R Credit Agreement) (with a 0.15% floor) plus 3.10% or the Prime Rate (as defined in the Second A&R Credit Agreement) (with a 3.0% floor), subject to a 50 basis point step-down based on the ratio between the senior debt of the Company and its subsidiaries to the EBITDA of LFS and its subsidiaries for the most recently ended four fiscal quarters.

The Second A&R Wintrust Revolving Loan is secured by (i) a valid, perfected and enforceable lien of the administrative agent on the ownership interests held by each of LFS and Wintrust Guarantors in their respective subsidiaries; and (ii) a valid,

perfected and enforceable lien of the administrative agent on each of LFS and Wintrust Guarantors' personal property, fixtures and real estate, subject to certain exceptions and limitations. Additionally, the re-payment of the Second A&R Wintrust Revolving Loan is jointly and severally guaranteed by each Wintrust Guarantor.

The Second A&R Credit Agreement contains representations and warranties, covenants and events of default that are customary for facilities of this type, as more particularly described in the Second A&R Credit Agreement. The Second A&R Wintrust Revolving Loan also contains three financial maintenance covenants, including (i) a requirement to have as of the last day of each quarter for the senior leverage ratio of LFS and its subsidiaries not to exceed an amount beginning at 2.00 to 1.00, (ii) a fixed charge coverage ratio of not less than 1.20 to 1.00 as of the last day of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2023, and (iii) no unfinanced capital expenditures, except for unfinanced capital expenditures in the ordinary course of business not exceeding in the aggregate \$4.0 million during any fiscal year; and no default or event of default (as defined in the Second A&R Credit Agreement) has occurred and is continuing, 50% of any portion of this annual limit, if not expended in the fiscal year for which it is permitted, may be carried over for expenditure in the next following fiscal year as stipulated by the agreement.

As of December 31, 2023, the Company had \$ 10.0 million in borrowings outstanding under the Second A&R Wintrust Revolving Loan. During the year ended December 31, 2023, the maximum outstanding borrowings under either the Company's revolving loan arrangements at any time was \$10.0 million and the average daily balance was approximately \$6.6 million. For the year ended December 31, 2023, the Company incurred interest on the Second A&R Wintrust Revolving Loan at a weighted average annual interest rate of 5.72%, inclusive of the net impact associated with the Company's interest rate swap arrangement.

As of December 31, 2022, the Company had no borrowings outstanding under the A&R Wintrust Revolving Loan. During the year ended December 31, 2022, the maximum outstanding borrowings under the A&R Wintrust Revolving Loan at any time was \$9.4 million and the average daily balance was approximately \$0.1 million. For the year ended December 31, 2022, the Company incurred interest on the A&R Wintrust Revolving Loan at a weighted average annual interest rate of 4.78%.

At December 31, 2023, the Company had irrevocable letters of credit in the amount of \$ 4.1 million with its lender to secure obligations under its self-insurance program.

The following is a summary of the applicable margin and commitment fees payable on the available A&R Wintrust Term Loan and A&R Wintrust Revolving Loan credit commitment:

Level	Senior Leverage Ratio	Applicable Margin for		
		Applicable Margin for SOFR Revolver loans	Prime Revolving loans	Applicable Margin for commitment fee
I	Greater than 1.00 to 1.00	3.10 %	— %	0.25 %
II	Less than or equal to 1.00 to 1.00	2.60 %	(0.50) %	0.25 %

As of December 31, 2023, the Company was in compliance with all financial maintenance covenants as required by the Second A&R Credit Agreement.

Sale-Leaseback Financing Transaction

On September 29, 2022, LC LLC and Royal Oak Acquisitions, LLC (the "Purchaser") consummated the purchase of the real property under a sale and leaseback transaction, with an aggregate value of approximately \$7.8 million (a purchase price of approximately \$5.4 million and \$2.4 million in tenant improvement allowances), pursuant to a purchase agreement under which the Purchaser purchased from LC LLC the Company's facility and real property in Pontiac, MI (collectively, the "Pontiac Facility").

In connection with the sale and leaseback transaction, LC LLC and Featherstone St Pontiac MI LLC (the "Landlord") entered into a Lease Agreement (the "Lease Agreement"), dated September 29, 2022 (the "Lease Effective Date") for the Pontiac Facility. Commencing on the Lease Effective Date, pursuant to the Lease Agreement, LC LLC has leased the Pontiac Facility, subject to the terms and conditions of the Lease Agreement. The Lease Agreement provides for a term of 25 years (the "Primary Term"). The Lease Agreement also provides LC LLC with the option to extend the Primary Term by two separate renewal terms of 5 years each (each a "Renewal Term"). Under the terms of the Lease Agreement, the Company's annual minimum rent is \$499,730, payable in monthly installments, subject to annual increases of approximately 2.5% each year under the Primary Term and for each year under the Renewal Terms, if exercised. LC LLC has a one-time option to terminate the Lease Agreement effective on the last day of the fifteenth lease year by providing written notice to the Landlord as more fully

set forth in the Lease Agreement. The one-time termination option of the Lease Agreement would require LC LLC to pay to the Landlord a termination fee of approximately \$1.7 million.

Pursuant to the terms and conditions set forth in the Lease Agreement, the Landlord has agreed to provide LC LLC with a tenant improvement allowance in an amount up to \$2.4 million. LC LLC is responsible for the initial capital outlay and completion of the agreed upon improvement work. The Landlord will subsequently reimburse LC LLC for such items up to the stated allowance amount.

The Company accounted for the sale and leaseback arrangement as a financing transaction in accordance with ASC Topic 842, "Leases," as the Lease Agreement was determined to be a finance lease. The Company concluded the Lease Agreement met the qualifications to be classified as a finance lease due to the significance of the present value of the lease payments, using an implicit rate of 11.11% to reflect the Company's incremental borrowing rate associated with the \$5.4 million purchase price as of the Lease Agreement date, compared to the fair value of the Pontiac Facility. The implicit rate associated with the aggregate purchase value, inclusive of tenant improvement allowances, was 6.53% as of the Lease Agreement date.

The presence of a finance lease indicates that control of the Pontiac Facility has not transferred to the Purchaser and, as such, the transaction was deemed a failed sale-leaseback and must be accounted for as a financing arrangement. As a result of this determination, the Company is viewed as having received the sale proceeds from the Purchaser in the form of a hypothetical loan collateralized by its leased facilities. The hypothetical loan is payable as principal and interest in the form of "lease payments" to the Purchaser. Principal repayments are recorded as a reduction to the financing liability. The Company will not derecognize the Pontiac Facility from its books for accounting purposes until the lease ends. No gain or loss was recognized under GAAP related to the sale and leaseback arrangement.

As of December 31, 2023, the financing liability was \$5.0 million, net of issuance costs, which was recognized within other long-term debt on the Company's consolidated balance sheets. For the year ended December 31, 2023 and 2022, \$0.5 million and less than \$0.1 million of interest expense associated with the financing was recognized, respectively.

Note 8 – Equity

The Company's second amended and restated certificate of incorporation currently authorizes the issuance of 100,000,000 shares of common stock, par value \$0.0001, and 1,000,000 shares of preferred stock, par value \$0.0001.

Warrants

In conjunction with the Company's initial public offering, the Company issued Public Warrants, Private Warrants and \$ 15 Exercise Price Sponsor Warrants. The Company issued certain Merger Warrants and Additional Merger Warrants in conjunction with the Company's business combination with LHLLC in July 2016 (the "Business Combination"). On July 20, 2021, the Public Warrants, Private Warrants, and Additional Merger Warrants expired by their terms. During 2023, 600,000 \$15 Exercise Price Sponsor Warrants and 606,476 Merger Warrants (each defined below) were exercised on a cashless basis by the holders of the warrants, which resulted in the warrants being converted into 167,564 and 274,742 shares of the Company's common stock, respectively. The remaining 23,167 unexercised Merger Warrants expired by their terms on July 20, 2023.

The following table summarizes the underlying shares of common stock with respect to outstanding warrants:

	December 31, 2023	December 31, 2022
\$15 Exercise Price Sponsor Warrants ⁽¹⁾⁽²⁾	—	600,000
Merger Warrants ⁽³⁾⁽⁴⁾	—	629,643
Total	—	1,229,643

⁽¹⁾ Exercisable for one share of common stock at an exercise price of \$15.00 per share ("\$15 Exercise Price Sponsor Warrants").

⁽²⁾ Issued under a warrant agreement dated July 15, 2014, between Continental Stock Transfer and Trust Company, as warrant agent, and the Company.

⁽³⁾ Exercisable for one share of common stock at an exercise price of \$12.50 per share ("Merger Warrants").

⁽⁴⁾ Issued to the sellers of LHLLC.

Incentive Plan

Upon the consummation of the Company's Business Combination, the Company adopted an omnibus incentive plan (the "Omnibus Incentive Plan") pursuant to which equity awards may be granted thereunder.

On March 25, 2022, the Board of Directors approved certain additional amendments to the Company's Omnibus Incentive Plan (the "2022 Amended and Restated Omnibus Incentive Plan") to increase the number of shares of the Company's common stock

that may be issued pursuant to awards by 350,000, for a total of 2,600,000 shares, and extended the term of the plan so that it will expire on the tenth anniversary of the date the stockholders approve the 2022 Amended and Restated Omnibus Incentive Plan. The amendments were approved by the Company's stockholders at the Annual Meeting held on June 22, 2022.

On March 29, 2023, the Board of Directors approved certain amendments to the Company's Omnibus Incentive Plan (the "2023 Amended and Restated Omnibus Incentive Plan") to increase the number of shares of the Company's common stock that may be issued pursuant to awards by 450,000, for a total of 3,050,000 shares, and extended the term of the plan so that it will expire on the tenth anniversary of the date the stockholders approve the 2023 Amended and Restated Omnibus Incentive Plan. The amendments were acted upon by the Company's stockholders at the Annual Meeting held on June 22, 2023.

See Note 17 – Management Incentive Plans for a discussion of the Company's management incentive plans for RSUs granted, vested, forfeited and remaining unvested.

Share Repurchase Program

In September 2022, the Company announced that its Board of Directors approved a share repurchase program (the "Share Repurchase Program") to repurchase shares of its common stock for an aggregate purchase price not to exceed \$2.0 million. The share repurchase authority was valid through September 29, 2023. Share repurchases may have been executed through various means, including, without limitation, open market transactions, privately negotiated transactions or by other means in accordance with federal securities laws. The Share Repurchase Program did not obligate the Company to acquire any particular amount of common stock, and the program may have been suspended or terminated by the Company at any time at its discretion without prior notice. Through September 29, 2023, the Company has made share repurchases of approximately \$2.0 million under its Share Repurchase Program.

Employee Stock Purchase Plan

Upon approval of the Company's stockholders on May 30, 2019, the Company adopted the Limbach Holdings, Inc. 2019 Employee Stock Purchase Plan (the "ESPP"). On January 1, 2020, the ESPP went into effect. The ESPP enables eligible employees, as defined by the ESPP, the right to purchase the Company's common stock through payroll deductions during consecutive subscription periods at a purchase price of 85% of the fair market value of a common share at the end of each offering period. Annual purchases by participants are limited to the number of whole shares that can be purchased by an amount equal to ten percent of the participant's compensation or \$ 5,000, whichever is less. Each offering period of the ESPP lasts six months, commencing on January 1st and July 1st of each year. The amounts collected from participants during a subscription period are used on the exercise date to purchase full shares of common stock. Participants may withdraw from an offering before the exercise date and obtain a refund of amounts withheld through payroll deductions. Compensation cost, representing the 15% discount applied to the fair market value of common stock, is recognized on a straight-line basis over the six-month vesting period during which employees perform related services. Under the ESPP, 500,000 shares are authorized to be issued. For the years ended December 31, 2023 and 2022, the Company issued 17,661 and 37,490 shares of its common stock, respectively, to participants in the ESPP who contributed to the plan during these periods. As of December 31, 2023, 388,956 shares remain available for future issuance under the ESPP.

Note 9 – Fair Value Measurements

The Company believes that the carrying amounts of its financial instruments, including cash and cash equivalents, trade accounts receivable and accounts payable, consist primarily of instruments without extended maturities, which approximate fair value primarily due to their short-term maturities and low risk of counterparty default. The Company considers all highly liquid investments purchased with a maturity of 90 days or less on the date of purchase to be cash equivalents. Cash equivalents as of December 31, 2023 consisted of overnight repurchase agreements in which cash from the Company's main operating checking account is invested overnight in highly liquid, short term investments, one U.S. Treasury Bill and certain investments in money market funds sponsored by a large financial institution. The Company had no such investments as of December 31, 2022. For the year ended December 31, 2023, the Company recognized interest income in the aggregate of approximately \$1.2 million associated with its overnight repurchase agreements, U.S. Treasury Bills and money market funds, respectively. The Company has not experienced any losses in its cash and cash equivalents and management believes the Company is not exposed to significant credit risk with respect to such accounts.

(in thousands)	December 31, 2023	Fair Value at Reporting Date Using		
		Level 1	Level 2	Level 3
Cash equivalents:				
Overnight repurchase agreements	\$ 43,959	\$ 43,959		
U.S. Treasury Bills	10,000	10,000	\$ —	—
Money market fund	3,750	3,750	—	—
Total	\$ 57,709	\$ 57,709	\$ —	—

Second A&R Wintrust Revolving Loan

The Company also believes that the carrying value of the Second A&R Wintrust Revolving Loan approximates its respective fair value due to the variable rate on such debt. As of December 31, 2023, the Company determined that the fair value of the Second A&R Wintrust Revolving Loan was \$10.0 million. Such fair value was determined using discounted estimated future cash flows using level 3 inputs.

Earnout Payments

As a part of the total consideration for the Jake Marshall Transaction, the former owners of JMLLC and CSLLC may receive up to an aggregate of \$6.0 million in cash, consisting of two tranches of \$3.0 million, as defined in the purchase agreement, if the gross profit of the acquired companies equals or exceeds \$10.0 million in (i) the approximately 12-month period from closing through December 31, 2022 (the "2022 Jake Marshall Earnout Period") or (ii) fiscal year 2023 (the "2023 Jake Marshall Earnout Period"), respectively (collectively, the "Jake Marshall Earnout Payments"). To the extent, however, that the gross profit of the acquired companies is less than \$10.0 million, but exceeds \$8.0 million, during any of the 2022 Jake Marshall Earnout Period or 2023 Jake Marshall Earnout Period, the \$3.0 million amount will be prorated for such period. The Company initially recognized \$ 3.1 million in contingent consideration, of which the entire balance was included in other long-term liabilities in the Company's condensed consolidated balance sheets on December 2, 2021. The fair value of contingent Jake Marshall Earnout Payments is based on generating growth rates on the projected gross margins of the acquired entities and calculating the associated contingent payments based on achieving the earnout targets, which are reassessed each reporting period. In April 2023, the Company made a \$3.0 million payment to the former owners of JMLLC and CSLLC related to the 2022 Jake Marshall Earnout Period.

As a part of the total consideration for the ACME Transaction, the Company recognized \$ 1.5 million in contingent consideration on the ACME Effective Date. The fair value of contingent ACME Earnout Payments is based on generating growth rates on the projected gross margins of ACME and calculating the associated contingent payments based on achieving the earnout targets, which are reassessed each reporting period. The Company determined the initial fair value of the ACME Earnout Payments based on the Monte Carlo Simulation method, which represented a Level 3 measurement. As of the Effective Date, the ACME Earnout Payments associated with the ACME Transaction were valued utilizing discount rates between 12.96% and 21.64%. The discount rates were calculated using the build-up method with a risk-free rate commensurate with the term of the ACME Earnout Payments based on the U.S. Treasury Constant Maturity Yield and certain metric risk premiums determined with reference to a long-term risk free rate, a weighted average cost of capital and certain adjustments for operational leverage.

As a part of the total consideration for the Industrial Air Transaction, the Company recognized \$ 3.2 million in contingent consideration on the IA Effective Date. The fair value of contingent IA Earnout Payments is based on generating growth rates on the projected gross margins of Industrial Air and calculating the associated contingent payments based on achieving the earnout targets, which are reassessed each reporting period. The Company determined the initial fair value of the IA Earnout Payments based on the Monte Carlo Simulation method, which represented a Level 3 measurement. As of the IA Effective Date, the IA Earnout Payments associated with the Industrial Air Transaction were valued utilizing a discount rate of 13.68%. The discount rates were calculated using the build-up method with a risk-free rate commensurate with the term of the IA Earnout Payments based on the U.S. Treasury Constant Maturity Yield and certain metric risk premiums determined with reference to a long-term risk free rate, a weighted average cost of capital and certain adjustments for operational leverage.

Based on the Company's ongoing assessment of the fair value of contingent earnout liabilities, the Company recorded a net increase in the estimated fair value of such liabilities of \$0.7 million and \$2.3 million for the years ended December 31, 2023 and 2022, respectively, which was presented in change in fair value of contingent consideration in the Company's consolidated statements of operations. The Company determined the fair value of the earnout payments by utilizing the Monte Carlo Simulation method, which represents a Level 3 measurement.

The following table presents the carrying values of the Company's contingent earnout payment obligations included in the accompanying condensed consolidated balance sheets, which approximated fair value at December 31, 2023 and 2022.

(in thousands)	December 31, 2023	Fair Value at Reporting Date Using		
		Level 1	Level 2	Level 3
Accrued expenses and other current liabilities:				
2023 Jake Marshall Earnout Period	\$ 3,000	\$ —	\$ —	\$ 3,000
First ACME Earnout Period	429	—	—	429
First IA Earnout Period	2,290	— \$	—	2,290
Other long-term liabilities:				
Second ACME Earnout Period	1,188	—	—	1,188
Second IA Earnout Period	875	—	—	875
Total	\$ 7,782	\$ —	\$ —	\$ 7,782
Accrued expenses and other current liabilities:				
2022 Jake Marshall Earnout Period ⁽¹⁾	\$ 2,859	\$ —	\$ —	\$ 2,859
Other long-term liabilities:				
2023 Jake Marshall Earnout Period	2,515	—	—	2,515
Total	\$ 5,374	\$ —	\$ —	\$ 5,374

⁽¹⁾ In April 2023, the Company made a \$3.0 million payment to the former owners of JMLLC and CSLLC related to the 2022 Jake Marshall Earnout Period.

Interest Rate Swap

The fair value of the interest rate swap is determined using widely accepted valuation techniques and reflects the contractual terms of the interest rate swap including the period to maturity, and while there are no quoted prices in active markets, it uses observable market-based inputs, including interest rate curves and implied volatilities. The fair value analysis also considers a credit valuation adjustment to reflect nonperformance risk of both the Company and the single counterparty. The fair value of the interest rate contract has been determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The interest rate swap is classified as a Level 2 item within the fair value hierarchy. As of December 31, 2023, the Company determined that the fair value of the interest rate swap was approximately \$0.2 million and is recognized in other assets on the Company's consolidated balance sheets. For the years ended December 31, 2023 and 2022, the Company recognized a loss of \$0.1 million and a gain of \$0.3 million, respectively, on its consolidated statements of operations associated with the change in fair value of the interest rate swap arrangement.

Note 10 – Earning per Share

Earnings per Share

The Company calculates earnings per share in accordance with ASC Topic 260 - *Earnings Per Share* ("EPS"). Basic earnings per common share applicable to common stockholders is computed by dividing earnings applicable to common stockholders by the weighted-average number of common shares outstanding and assumed to be outstanding. Diluted EPS assumes the dilutive effect of outstanding common stock warrants, shares issued in conjunction with the Company's ESPP (defined in Note 8) and restricted stock units ("RSUs"), all using the treasury stock method.

The following table sets forth the computation of the basic and diluted earnings per share attributable to the Company's common shareholders for the years ended December 31, 2023 and 2022:

<i>(in thousands, except per share amounts)</i>	For the Years Ended	
	December 31, 2023	December 31, 2022
EPS numerator:		
Net income	\$ 20,754	\$ 6,799
EPS denominator:		
Weighted average shares outstanding – basic	10,773	10,425
In-the-money warrants	249	—
Nonvested restricted stock units	789	247
Employee stock purchase plan	1	5
Weighted average shares outstanding – diluted	11,812	10,677
EPS:		
Basic	\$ 1.93	\$ 0.65
Diluted	\$ 1.76	\$ 0.64

The following table summarizes the securities that were antidilutive or out-of-the-money, and therefore, were not included in the computations of diluted income per common share:

	For the Years Ended	
	December 31, 2023	December 31, 2022
Out-of-the-money warrants	—	1,229,643
Performance and market-based RSUs ⁽¹⁾	95	—
Employee stock purchase plan	1,044	1,573
Total	1,139	1,231,216

⁽¹⁾ For the year ended December 31, 2022, certain market-based awards were not included in the computation of diluted income per common share because the market conditions were not satisfied during the periods and would not be satisfied if the reporting date was at the end of the contingency period.

Note 11 – Income Taxes

The Company is taxed as a C Corporation.

Provision for Income Taxes

The Company's provision for income taxes relating to continuing operations consists of the following:

<i>(in thousands)</i>	For the Years Ended	
	December 31, 2023	December 31, 2022
Current tax provision		
U.S. Federal	\$ 5,851	\$ 2,613
State and local	1,845	695
Total current tax provision	7,696	3,308
Deferred tax provision		
U.S. Federal	(253)	(584)
State and local	(97)	85
Total deferred tax provision	(350)	(499)
Income tax provision	\$ 7,346	\$ 2,809

The provision for income taxes for the years ended December 31, 2023 and 2022 resulted in effective tax rates on continuing operations of 26.1% and 29.2%, respectively. A reconciliation of the federal statutory income tax rate to the Company's effective tax rate is as follows:

	For the Years Ended December 31,	
	2023	2022
Federal statutory income tax rate	21.0 %	21.0 %
State income taxes, net of federal tax effect	4.8 %	6.4 %
Stock based compensation – restricted stock	(1.1)%	1.4 %
Return to provision adjustment	(0.2)%	(0.1)%
Permanent differences	1.4 %	1.3 %
Tax credits	(0.5)%	(0.9)%
Other	0.6 %	— %
Effective tax rate	26.1 %	29.2 %

The Company is subject to taxation in various jurisdictions. The Company's 2020 through 2022 tax returns are subject to examination by U. S. federal authorities. The Company's tax returns are subject to examination by various state authorities for the years 2020 and forward.

Deferred Tax Assets (Liabilities)

The significant components of deferred tax assets (liabilities) were as follows:

<i>(in thousands)</i>	As of As of December 31,	
	2023	2022
Deferred tax assets:		
Accrued expenses	\$ 699	\$ 950
Allowance for doubtful accounts	74	60
Intangibles	435	463
Goodwill	3,057	3,301
Startup costs	57	68
Stock-based compensation	1,804	1,066
Research and development expenses	1,276	640
Lease liabilities	6,193	6,280
Accrued bonuses and commissions	424	253
Total deferred tax assets	14,019	13,081
Deferred tax liabilities:		
Fixed assets	(3,413)	(3,248)
Right-of-use assets	(4,566)	(4,684)
Percentage of completion	(814)	(241)
Interest	(47)	(79)
Total deferred tax liabilities	(8,840)	(8,252)
Net deferred tax asset	\$ 5,179	\$ 4,829

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In assessing the need for a valuation allowance, the Company considered both positive and negative evidence related to the likelihood of realization of the deferred tax assets. After giving consideration to these factors, management concluded that it was more likely than not that the deferred tax assets would be fully realized, and as a result, no valuation allowance against the deferred tax assets was deemed necessary at December 31, 2023 and 2022.

At December 31, 2023 and 2022, the Company had no net operating loss carryforwards.

Liabilities for Uncertain Tax Positions

The Company had no unrecognized tax benefits as of December 31, 2023 and 2022.

Note 12 – Operating Segments

As discussed in Note 1, the Company operates in two segments (i) GCR, in which the Company generally manages new construction or renovation projects that involve primarily mechanical, plumbing, or electrical services awarded to the Company by general contractors or construction managers, and (ii) ODR, in which the Company provides maintenance or service primarily on mechanical, plumbing or electrical systems, building controls and specialty contracting projects direct to, or assigned by, building owners or property managers. These segments are reflective of how the Company's Chief Operating Decision Maker ("CODM") reviews operating results for the purposes of allocating resources and assessing performance. The Company's CODM is comprised of its President and Chief Executive Officer and Executive Vice President and Chief Financial Officer.

In accordance with ASC Topic 280 – *Segment Reporting*, the Company has elected to aggregate all of the GCR work performed at branches into one GCR reportable segment and all of the ODR work performed at branches into one ODR reportable segment. All transactions between segments are eliminated in consolidation.

On January 17, 2023, the Company announced its planned transition succession, pursuant to which Charles A. Bacon III stepped down as President and Chief Executive Officer on March 28, 2023, and Michael M. McCann, the Company's former Executive Vice President and Chief Operating Officer, was appointed President and Chief Executive Officer. Following the transition, the Company revised its segment presentation to align with how Mr. McCann assesses performance and makes resource allocation decisions for its operating segments, which is based on segment revenue and segment gross profit. Selling, general and administrative ("SG&A") expenses are no longer reported on a segment basis as the Company's current CODM does not review discrete segment financial information for SG&A in order to assess performance. Interest expense is not allocated to segments because of the corporate management of debt service.

The Company restated segment information for the historical periods presented herein to conform to the current presentation. This change in segment presentation does not affect the Company's consolidated statements of operations, balance sheets or statements of cash flows.

All of the Company's identifiable assets are located in the United States, which is where the Company is domiciled. The Company does not have sales outside of the United States. For the year ended December 31, 2023, no GCR or ODR segment customers accounted for 10% or more of the Company's consolidated total revenue. For the year ended December 31, 2022, one GCR segment customer accounted for approximately 11% of consolidated total revenue.

Consolidated segment information for the periods presented is as follows:

<i>(in thousands)</i>	For the Years Ended December 31,	
	2023	2022
Statement of Operations Data:		
Revenue:		
GCR	\$ 254,392	\$ 280,379
ODR	261,958	216,403
Total revenue	516,350	496,782
Gross profit:		
GCR	43,200	38,622
ODR	76,090	55,119
Total gross profit	119,290	93,741
Selling, general and administrative ⁽¹⁾		
	87,397	77,879
Change in fair value of contingent consideration	729	2,285
Amortization of intangibles	1,880	1,567
Operating income	\$ 29,284	\$ 12,010
Interest expense		
Interest income	(2,046)	(2,144)
Interest income	1,217	—
Loss on early termination of operating lease	—	(849)
Loss on early debt extinguishment	(311)	—
(Loss) gain on change in fair value of interest rate swap	(124)	310
Gain on disposition of property and equipment	80	281
Total unallocated amounts	(1,184)	(2,402)
Total consolidated income before income taxes	\$ 28,100	\$ 9,608

⁽¹⁾ Included within selling, general and administrative expenses was \$4.9 million and \$2.7 million of stock based compensation expense for the years ended December 31, 2023 and 2022, respectively.

The Company does not identify capital expenditures and total assets by segment in its internal financial reports due in part to the shared use of a centralized fleet of vehicles and specialized equipment. Interest expense is also not allocated to segments because of the Company's corporate management of debt service, including interest.

Note 13 – Commitments and Contingencies

Legal. The Company is continually engaged in administrative proceedings, arbitrations, and litigation with owners, general contractors, suppliers, employees, former employees and other unrelated parties, all arising in the ordinary courses of business. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the consolidated financial statements. In the opinion of the Company's management, the current belief is that the results of these actions will not have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

On January 23, 2020, plaintiff, Bernards Bros. Inc. ("Bernards"), filed a complaint against the Company in Superior Court of the State of California for the County of Los Angeles. The complaint alleges that the Company's Southern California business unit refused to honor a proposal made to Bernards to act as a subcontractor on a construction project, and that, as a result of the wrongful failure to honor the proposal, Bernards suffered damages in excess of \$3.0 million plus interest, including alleged increased costs for hiring a different subcontractor to perform the work. The Company has vigorously defended the suit. Per the agreement of the Company and Bernards, in January 2022, the Court appointed a private referee to manage the case and adjudicate the dispute. A trial took place before the referee in January 2023, and on April 30, 2023, the referee issued an Amended Statement of Decision awarding Bernards approximately \$2.2 million. As of December 31, 2022, the Company had determined that a loss was probable, and, as such, recorded an estimated loss contingency in the amount of \$2.2 million, which is included in accrued expenses and other current liabilities reported within the Company's consolidated balance sheets. In addition, the estimated loss contingency was recorded within selling, general and administrative expenses on the Company's consolidated statements of operations. In November 2023, the parties settled the Bernards matter, resulting in the Company paying Bernards \$2.2 million.

Surety. The terms of its construction contracts frequently require that the Company obtain from surety companies, and provide to its customers, payment and performance bonds ("Surety Bonds") as a condition to the award of such contracts. The Surety Bonds secure its payment and performance obligations under such contracts, and the Company has agreed to indemnify the surety companies for amounts, if any, paid by them in respect of Surety Bonds issued on its behalf. In addition, at the request of labor unions representing certain of the Company's employees, Surety Bonds are sometimes provided to secure obligations for wages and benefits payable to or for such employees. Public sector contracts require Surety Bonds more frequently than private sector contracts, and accordingly, the Company's bonding requirements typically increase as the amount of public sector work increases. As of December 31, 2023, the Company had approximately \$90.9 million in surety bonds outstanding. The Surety Bonds are issued by surety companies in return for premiums, which vary depending on the size and type of bond.

Collective Bargaining Agreements. Many of the Company's craft labor employees are covered by collective bargaining agreements. The agreements require the Company to pay specified wages, provide certain benefits and contribute certain amounts to multi-employer pension plans. If the Company withdraws from any of the multi-employer pension plans or if the plans were to otherwise become underfunded, the Company could incur additional liabilities related to these plans. Although the Company has been informed that some of the multi-employer pension plans to which it contributes have been classified as "critical" status, the Company is not currently aware of any significant liabilities related to this issue.

Self-insurance. The Company is substantially self-insured for workers' compensation and general liability claims, in the view of the relatively high per-incident deductibles the Company absorbs under its insurance arrangements for these risks. The Company purchases workers' compensation and general liability insurance under policies with per-incident deductibles of \$250,000 per occurrence and a \$3.9 million maximum aggregate deductible loss limit per year. Losses incurred over primary policy limits are covered by umbrella and excess policies up to specified limits with multiple excess insurers. The Company accrues for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the consolidated balance sheets as current and non-current liabilities. The liability is determined by establishing a reserve for each reported claim on a case-by-case basis based on the nature of the claim and historical loss experience for similar claims plus an allowance for the cost of incurred but not reported claims. The current portion of the liability is included in accrued expenses and other current liabilities on the consolidated balance sheets. The non-current portion of the liability is included in other long-term liabilities on the consolidated balance sheets.

The Company is self-insured related to medical and dental claims under policies with annual per-claimant and annual aggregate stop-loss limits. The Company accrues for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the consolidated balance sheets as a current liability in accrued expenses and other current liabilities.

The components of the self-insurance liability as of December 31, 2023 and 2022 are as follows:

(in thousands)	December 31, 2023	December 31, 2022
Current liability — workers' compensation and general liability	\$ 188	\$ 158
Current liability — medical and dental	819	557
Non-current liability	645	343
Total liability	<u>1,652</u>	<u>1,058</u>
Restricted cash	\$ 65	\$ 113

The restricted cash balance represents an imprest cash balance set aside for the funding of workers' compensation and general liability insurance claims. This amount is replenished either when depleted or at the beginning of each month.

Note 14 - Leases

The Company leases real estate, trucks and other equipment. The determination of whether an arrangement is, or contains, a lease is performed at the inception of the arrangement. Classification and initial measurement of the right-of-use asset and lease liability are determined at the lease commencement date. The Company elected the short-term lease measurement and recognition exemption; therefore, leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets. Instead, the short-term leases are recognized in expense on a straight-line basis over the lease term.

The Company's arrangements include certain non-lease components such as common area and other maintenance for leased real estate, as well as mileage, fuel and maintenance costs related to leased vehicles. For all leased asset classes, the Company has elected to not separate non-lease components from lease components and will account for each separate lease component and non-lease component associated with the lease as a single lease component. The Company does not guarantee any residual value in its lease agreements, and there are no material restrictions or covenants imposed by lease arrangements. Real estate leases typically include one or more options to extend the lease. The Company regularly evaluates the renewal options, and when they are reasonably certain of exercise, the Company includes the renewal period in its lease term. For the Company's leased vehicles, the Company uses the interest rate implicit in its leases with the lessor to discount lease payments at the lease commencement date. When the implicit rate is not readily available, as is the case with the Company's real estate leases, the Company uses quoted borrowing rates on its secured debt.

Related Party Lease Agreements. In conjunction with the closing of the Jake Marshall Transaction, the Company entered into an operating lease for certain land and facilities owned by a former member of JMLLC who became a full-time employee of the Company. The lease term is ten years and includes an option to extend the lease for two successive periods of two years each through November 2035. Base rent for the term of the lease is \$37,500 per month for the first five years with payment commencing on January 1, 2022. The fixed rent payment is escalated to \$ 45,000 per month for years 6 through 10 of the lease term. Fixed rent payments for the extension term shall be increased from \$45,000 by the percentage increase, if any, in the consumer price index from the lease commencement date. In addition, under the agreement, the Company is required to pay its share of estimated property taxes and operating expenses, both of which are variable lease expenses.

In conjunction with the closing of the ACME Transaction, the Company entered into an operating lease for certain land and facilities owned by a former member of ACME who became a full-time employee of the Company. The lease term of the lease runs through December 31, 2024 and includes an option to extend the lease for one successive period of one year through December 2025. Base rent for the term of the lease is \$ 17,000 per month for the first six months with payment commencing on July 1, 2023. The fixed rent payment is escalated to \$ 18,000 per month for the twelve month period ending December 31, 2024. Fixed rent payments for the extension term shall be increased to \$19,000. In addition, under the agreement, the Company is required to pay its share of estimated property taxes and operating expenses, both of which are variable lease expenses.

In conjunction with the closing of the Industrial Air Transaction, the Company entered into an operating lease for certain land and facilities owned by a former member of Industrial Air who became a full-time employee of the Company. The lease term of the lease runs through August 31, 2026 and includes an option to extend the lease for two successive periods of three years each through August 2032. Base rent for the term of the lease is \$26,500 per month for the first thirty-three months with payment commencing on November 1, 2023. The fixed rent payment is escalated to \$ 27,563 per month for the first three year extension period ending August 31, 2029 and to \$ 28,941 per month for the second three year extension period ending on August 31, 2032. In addition, under the agreement, the Company is required to pay its share of estimated property taxes and operating expenses, both of which are variable lease expenses.

Southern California Sublease. In June 2021, the Company entered into a sublease agreement with a third party for the entire ground floor of its leased space in Southern California, consisting of 71,787 square feet. Under the terms of the sublease agreement, the sublessee is obligated to pay the Company base rent of approximately \$0.6 million per year, which is subject to

a 3.0% annual rent increase, plus certain operating expenses and other costs. The initial lease term commenced in September 2021 and continues through April 30, 2027. As of December 31, 2023, the Company remains obligated under the original lease for such office space and, in the event the sublessee of such office space fails to satisfy its obligations under the sublease, the Company would be required to satisfy its obligations directly to the landlord under such original lease.

In addition, during the first quarter of 2022, the Company entered into an amendment to the aforementioned sublease agreement, which, among other things, expanded the sublease premises to include the entire second floor of its leased space in Southern California, consisting of 16,720 square feet. Under the terms of the amended sublease agreement, the sublessee is obligated to pay the Company base rent of approximately \$0.8 million per year, which is subject to a 3.0% annual rent increase, plus certain operating expenses and other costs. The amended sublease term commenced in March 2022 and continues through April 30, 2027. For the years ended December 31, 2023 and 2022, the Company recorded \$1.2 million and \$1.1 million of income in selling, general and administrative expenses related to this sublease agreement.

Pittsburgh Lease Termination. In March, 2022, the Company entered into a lease termination agreement (the "Lease Termination Agreement") to terminate, effective March 31, 2022, the lease associated with the Company's office space located in Pittsburgh, Pennsylvania, which previously served as its corporate headquarters. Absent the Lease Termination Agreement, the lease would have expired in accordance with its terms in July 2025. Pursuant to the Lease Termination Agreement, in exchange for allowing the Company to terminate the lease early, the Company agreed to pay a termination fee in the aggregate of approximately \$0.7 million in 16 equal monthly installments commencing on April 1, 2022. The Company recognized the full termination fee expense during the first quarter of 2022.

In connection with the lease termination, the Company recognized a gain of \$ 0.1 million associated with the derecognition of the operating lease right-of-use asset and corresponding operating lease liabilities associated with the operating lease and recorded a \$0.1 million loss on the disposal of leasehold improvements and moving expenses.

The following table summarizes the lease amounts included in the Company's consolidated balance sheets as of December 31, 2023 and 2022:

(in thousands)	Classification on the Consolidated Balance Sheets	December 31, 2023	December 31, 2022
Assets			
Operating	Operating lease right-of-use assets ⁽¹⁾⁽²⁾	\$ 19,727	\$ 18,288
Finance	Property and equipment, net ⁽³⁾⁽⁴⁾	9,561	7,402
Total lease assets		<u>\$ 29,288</u>	<u>\$ 25,690</u>
Liabilities			
Current			
Operating	Current operating lease liabilities	\$ 3,627	\$ 3,562
Finance	Current portion of long-term debt	2,680	2,135
Noncurrent			
Operating	Long-term operating lease liabilities	16,037	15,643
Finance	Long-term debt ⁽⁵⁾	10,018	8,170
Total lease liabilities		<u>\$ 32,362</u>	<u>\$ 29,510</u>

⁽¹⁾ Operating lease assets are recorded net of accumulated amortization of \$13.6 million and \$12.2 million at December 31, 2023 and 2022, respectively.

⁽²⁾ As a result of the Industrial Air Transaction, the Company recognized a \$1.0 million below-market lease, which was recorded as an increase to the Company's operating lease right-of-use assets on its consolidated balance sheet at December 31, 2023. The below-market lease will be amortized to amortization expense over the remaining lease term.

⁽³⁾ Finance lease assets are recorded net of accumulated amortization of \$4.5 million and \$6.0 million at December 31, 2023 and 2022, respectively.

⁽⁴⁾ Includes approximately \$2.4 million and \$2.6 million of net property assets associated with the Company's Pontiac Facility at December 31, 2023 and 2022, respectively.

⁽⁵⁾ Includes approximately \$5.4 million associated with the Company's sale and leaseback financing transaction. See Note7 for further detail.

The following table summarizes the lease costs included in the Company's consolidated statements of operations for the years ended December 31, 2023 and 2022:

(in thousands)	Classification on the Consolidated Statements of Operations		December 31, 2023	December 31, 2022
	Operations			
Operating lease cost	Cost of revenue ⁽¹⁾		\$ 2,184	\$ 2,627
Operating lease cost	Selling, general and administrative ⁽¹⁾		2,550	2,555
Finance lease cost:				
Amortization	Cost of revenue ⁽²⁾		2,753	2,687
Interest	Interest expense, net ⁽²⁾		384	264
Total lease cost			\$ 7,871	\$ 8,133

(1) Operating lease costs recorded in cost of revenue includes \$0.4 million and \$0.5 million of variable lease costs for the years ended December 31, 2023 and 2022, respectively. In addition, \$0.5 million of variable lease costs are included in selling, general and administrative expenses for both years ended December 31, 2023 and 2022, respectively. These variable costs consist of the Company's proportionate share of operating expenses, real estate taxes and utilities.

(2) Finance lease costs recorded in cost of revenue includes \$0.7 million and \$0.8 million of variable leases costs for the years ended December 31, 2023 and 2022, respectively. These variable lease costs consist of fuel, maintenance, and sales tax charges. No variable lease costs were recorded in selling, general and administrative expenses for the years ended December 31, 2023 and 2022.

The future undiscounted minimum finance lease payments, as reconciled to the discounted minimum lease obligation indicated on the Company's consolidated balance sheets within current and long-term debt, less interest, and under current and long-term operating leases, less imputed interest, as of December 31, 2023 were as follows (in thousands):

Year ending:	Finance Lease Obligations			Operating Lease Obligations				Sublease Receipts ⁽²⁾
	Vehicles	Pontiac Facility	Total Finance	Non-Related Party	Related Party ⁽¹⁾	Total Operating		
2024	\$ 3,041	\$ 515	\$ 3,556	\$ 3,682	\$ 981	\$ 4,663	\$ 912	
2025	2,284	528	2,812	3,478	765	4,243	939	
2026	1,768	542	2,310	3,383	770	4,153	967	
2027	872	555	1,427	2,318	871	3,189	326	
2028	122	569	691	1,376	871	2,247	—	
Thereafter	48	13,733	13,780	844	4,997	5,841	—	
Total minimum lease payments	8,135	16,442	24,576	15,081	9,255	24,336	\$ 3,145	
Financing Component ⁽³⁾	(788)	(11,090)	(11,878)	(2,499)	(2,173)	(4,672)		
Net present value of minimum lease payments	7,347	5,351	12,698	12,582	7,082	19,664		
Less: current portion of finance and operating lease obligations	(2,680)	—	(2,680)	(3,009)	(618)	(3,627)		
Long-term finance and operating lease obligations	\$ 4,667	\$ 5,351	\$ 10,018	\$ 9,573	\$ 6,464	\$ 16,037		

(1) Associated with the aforementioned related party leases entered into with former members of JMLLC, ACME and Industrial Air.

(2) Associated with the aforementioned third party sublease.

(3) The financing component for finance lease obligations represents the interest component of finance leases that will be recognized as interest expense in future periods. The financing component for operating lease obligations represents the effect of discounting the lease payments to their present value.

The following is a summary of the lease terms and discount rates as of:

	December 31, 2023	December 31, 2022
Weighted average lease term (in years):		
Operating	6.54	6.98
Finance ⁽¹⁾	3.10	2.73
Weighted average discount rate:		
Operating	6.74 %	4.76 %
Finance ⁽¹⁾	5.33 %	5.06 %

⁽¹⁾ Excludes the weighted average lease term and weighted average discount rate associated with the aforementioned sale-leaseback financing transaction, which has a Primary Term of 25 years and utilized an implicit rate of 11.11%. See Note 7 – Debt for further detail.

The following is a summary of other information and supplemental cash flow information related to finance and operating leases:

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 4,705	\$ 5,055
Operating cash flows from finance leases	343	264
Financing cash flows from finance leases	2,737	2,734
Right-of-use assets exchanged for lease liabilities		
Operating leases	\$ 3,135	\$ —
Finance leases	5,219	2,634
Right-of-use assets disposed or adjusted modifying operating leases liabilities	\$ 1,112	\$ 2,455
Right-of-use assets disposed or adjusted modifying finance leases liabilities	\$ (93)	\$ (77)

Note 15 – Retirement Plan

The Company maintains a 401(k) plan for eligible, participating employees. The Company contributes an amount equal to 100% of an employee's salary reduction contributions up to 4% of such employee's compensation in a given year, as defined by the plan and subject to IRS limitations. The Company's mandatory contributions were \$2.6 million for the year ended December 31, 2023, as compared to \$2.4 million for the year ended December 31, 2022. The Company may make a discretionary profit sharing contribution to the 401(k) plan in accordance with plan provisions. The Company has full discretion to determine whether to make such a contribution, and the amount of such contribution. In order to share in the profit sharing contribution, employees must have satisfied the 401(k) Plan's eligibility requirements and be employed on the last day of the year. Employees are not required to contribute any money to the 401(k) Plan in order to qualify for the Company profit sharing contribution. Any discretionary profit sharing contribution would be divided among participants eligible to share in the contribution for the year in the same proportion that the participant's pay bears to the total pay of all participants. This means the amount allocated to each eligible participant's account would, as a percentage of pay, be the same. No discretionary profit sharing contributions were made for the years ended December 31, 2023 or 2022.

Note 16 – Multiemployer Pension Plans

The Company participates in approximately 40 multiemployer pension plans ("MEPPs") that provide pension benefits to certain union employees in accordance with various collective bargaining agreements ("CBAs"). As of December 31, 2023, approximately 54% of the Company's employees are members of collective bargaining units. As one of many employers who are obligated to contribute to these MEPPs, the Company is responsible with the other participating employers for any unfunded pension liabilities. The Company's contributions to a particular MEPP are established by the applicable CBAs; however, the Company's required contributions to a MEPP may increase based on the funded status of the individual MEPP and the legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact the funded status of a MEPP include, without limitation, investment performance, changes in participant demographics, a decline in the number of actively employed covered employees, a decline in the number of contributing employers, changes in actuarial assumptions and the utilization of extended amortization provisions. If a contributing employer stops contributing to a MEPP, the unfunded obligations of the MEPP may be borne by the remaining contributing employers.

Assets contributed to an individual MEPP are pooled with contributions made by other contributing employers; the pooled assets will be used to provide benefits to the Company's employees and the employees of the other contributing employers.

A FIP or RP requires a particular MEPP to adopt measures to correct its underfunded status. These measures may include, but are not limited to an increase in a contributing employer's contribution rate, or changes to the benefits paid to retirees. In addition, the PPA requires that a 5% surcharge be levied on employer contributions for the first year commencing shortly after the date the employer receives notice that the MEPP is in critical status and a 10% surcharge on each succeeding year until a CBA is in place with terms and conditions consistent with the RP.

If a MEPP has unfunded pension liabilities, the Company could be obligated to make additional payments to a MEPP if the Company either ceases to have an obligation to contribute to the MEPP under a CBA or significantly reduces the Company's contributions to the MEPP because they reduce the number of employees who are covered by the relevant MEPP for various reasons, including, but not limited to, layoffs or closure of a subsidiary. The amount of such payments (known as a complete or partial withdrawal liability) would equal the Company's proportionate share of the MEPPs unfunded vested benefits. Based on the information available to the Company from the MEPPs, the Company believes that some of the MEPPs to which they contribute are underfunded and are in "critical" or "endangered" status as those terms are defined by the PPA. Due to uncertainty regarding future factors that could trigger withdrawal liability, as well as the absence of specific information regarding the MEPPs' current financial situation, the Company is unable to determine (a) the amount and timing of any future withdrawal liability, if any, and (b) whether the Company's participation in these MEPPs could have a material adverse impact on its financial condition, results of operations or liquidity.

The nature and diversity of the Company's business may result in volatility of the amount of contributions to a particular MEPP for any given period. That is because, in any given market, the Company could be working on a significant project and/or projects, which could result in an increase in the direct labor force and a corresponding increase in contributions to the MEPP(s) dictated by the applicable CBA. When that particular project(s) finishes and is not replaced, the level of direct labor would also decrease, as would the level of contributions to the particular MEPP(s). Additionally, the level of contributions to a particular MEPP could also be affected by the terms of the CBA, which could require at a particular time, an increase in the contribution rate and/or surcharges.

Total contributions to the various union construction industry MEPP, welfare, training and other benefits programs in accordance with the CBAs were \$31.8 million for the year ended December 31, 2023, as compared to \$ 31.3 million for the year ended December 31, 2022. Of these amounts, total contributions to MEPPs accounted for \$11.6 million and \$12.6 million for the years ended December 31, 2023 and 2022, respectively.

The following table presents the MEPPs in which the Company participates. Additionally, this table also lists the PPA Zone Status for MEPPs as the critical status (red zone-less than 65% funded), the endangered status (yellow-less than 80% funded), the seriously endangered status (orange-less than 80% funded and projects a credit balance deficit within seven years) or neither critical or endangered status (green-greater than 80% funded). The zone status represents the most recent available information for the respective MEPP, which in certain circumstances is 2022 for the 2023 year. These dates may not correspond with the Company's calendar year contributions. The zone status is based on information received from the MEPPs and is certified by the MEPPs' actuaries. The "FIP/RP Status" column indicates MEPPs for which a financial improvement plan (FIP) or rehabilitation plan (RP) has been adopted or implemented.

Pension Fund	EIN/Pension Plan Number	PPA Zone Status			Contributions (in thousands)		Contributions greater than 5% of total contributions	Surcharge Imposed	Expiration date of CBA
		2023	2022	FIP/RP Status	2023	2022			
Plumbers and Pipefitters Local Union No. 43									
Pension Fund	62-6101288 / 001	Green	Green	N/A	\$ 1,500	\$ 1,205	Yes	No	June-24
Pipefitters Local 636 Defined Benefit Pension Fund									
	38-3009873 / 001	Green	Green	N/A	1,439	1,483	No	No	May-26
Sheet Metal Workers Local Union No. 80									
Pension Fund	38-6105633 / 001	Green	Green	N/A	1,255	1,245	Yes	No	May-26

Plumbers Local No 98 Defined Benefit	Pension Fund	38-3031916 / 001	Green	Yellow	Implemented	1,175	1,371	Yes	No	May-25
Pipefitters Union Local No. 537	Pension Fund	51-6030859 / 001	Green	Green	N/A	1,140	1,204	No	No	Aug-25
Sheet Metal Workers Local 98 Pension	Fund	31-6171213 / 001	Green	Green	N/A	830	1,232	Yes	No	May 23
Steamfitters Local Union No. 420	Pension Fund	23-2004424 / 001	Red	Red	Implemented	633	537	No	No	Apr-26
Plumbers & Pipefitters Local No 189 Pension Plan	Pension Fund	31-0894807 / 001	Green	Green	N/A	592	596	Yes	No	May-25
United Association National Pension Fund	Pension Fund	52-6152779 / 001	Green	Green	N/A	579	525	No	No	Ranging from May-23 - May-27
Sheet Metal Workers' National Pension Fund	Pension Fund	52-6112463 / 001	Green	Green	N/A	540	792	No	No	Ranging from May-23 – Apr-26
Heating, Piping and Refrigeration	Pension Fund	52-1058013 / 001	Green	Green	N/A	295	609	No	No	Jul-25
Plumbers & Pipefitters of Local Union No. 333	Pension Fund	38-3545518 / 005	Green	Green	N/A	345	393	Yes	No	May-27
Plumbers & Steamfitters Local 577 Pension Plan	Pension Fund	31-6134953 / 001	Red	Red	Implemented	330	316	Yes	No	May-26
Ironworkers Local 704 Pension Fund	Pension Fund	62-6098036 / 001	Green	Green	N/A	236	46	No	No	Apr-26
Electrical Workers Local No. 26 Pension	Trust Fund	52-6117919 / 001	Green	Green	N/A	178	247	No	No	May-24
Sheet Metal Workers Local 7, Zone 1	Pension Plan	38-6234066 / 001	Green	Yellow	N/A	113	8	No	No	Apr-26
Steamfitters Local #449 Pension Plan	Pension Plan	25-6032401 / 001	Green	Green	N/A	87	103	No	No	May-26
Refrigeration, Air Conditioning & Service Division (UA-NJ) Pension	Plan	22-6109064 / 001	Green	Green	N/A	83	65	No	No	Jul-27
National Electrical Benefit Fund	Benefit Fund	53-0181657 / 001	Green	Green	N/A	65	81	No	No	May-24
United Association Local Union No. 322	Pension Plan	21-6016638 / 001	Red	Red	Implemented	27	25	No	Yes	Apr-24
Plumbers Local Union No. 690	Pension Fund	23-6405018 / 001	Green	Green	N/A	25	25	No	No	Apr-24

Airconditioning and Refrigeration Industry										
Retirement Trust Fund	95-6035386 / 001	Green	Green	N/A	8	74	No	No	No	Aug-24
Plumbers Union Local										
No. 12 Pension	04-6023174 / 001	Green	Green	N/A	5	14	No	No	No	Aug-25
Southern California Pipe Trades										
Retirement Fund	51-6108443 / 001	Green	Green	N/A	4	130	No	No	No	Aug-26
Sheet Metal Workers' Pension Plan of Southern California, Arizona and Nevada										
Arizona and Nevada	95-6052257 / 001	Green	Yellow	Implemented	—	139	No	No	No	Jun-24
Laborers District Council Pension and Disability Trust Fund										
No. 2	52-0749130 / 001	Green	Green	N/A	—	10	No	No	No	Oct-25
All other plans (13 and 11 as of December 31, 2023 and 2022, respectively)										
					153	103				
Total Contributions					\$ 11,637	\$ 12,578				

Note 17 – Management Incentive Plans

The Company initially adopted the Omnibus Incentive Plan on July 20, 2016 for the purpose of: (a) encouraging the profitability and growth of the Company through short-term and long-term incentives that are consistent with the Company's objectives; (b) giving participants an incentive for excellence in individual performance; (c) promoting teamwork among participants; and (d) giving the Company a significant advantage in attracting and retaining key employees, directors and consultants. To accomplish such purposes, the Omnibus Incentive Plan, and such subsequent amendments to the Omnibus Incentive Plan, provides that the Company may grant options, stock appreciation rights, restricted shares, RSUs, performance-based awards (including performance-based restricted shares and restricted stock units), other share based awards, other cash-based awards or any combination of the foregoing.

Following the approval of the 2023 Amended and Restated Omnibus Incentive Plan, the Company has reserved 3,050,000 shares of its common stock for issuance. The number of shares issued or reserved pursuant to the Omnibus Incentive Plan will be adjusted by the plan administrator, as they deem appropriate and equitable, as a result of stock splits, stock dividends, and similar changes in the Company's common stock. In connection with the grant of an award, the plan administrator may provide for the treatment of such award in the event of a change in control. All awards are made in the form of shares only.

Service-Based Awards

The Company grants service-based stock awards in the form of RSUs. Service-based RSUs granted to executives, employees, and non-employee directors vest ratably, on an annual basis, over three years and in the case of certain awards to non-employee directors, one year. The grant date fair value of the service-based awards was equal to the closing market price of the Company's common stock on the date of grant. For the years ended December 31, 2023 and 2022, the Company recognized \$1.5 million and \$1.6 million of stock-based compensation expense related to outstanding service-based RSUs, respectively.

The following table summarizes the Company's service-based RSU activity:

	Awards	Weighted-Average Grant Date Fair Values
Unvested at January 1, 2022	266,089	\$ 8.45
Granted	184,941	8.97
Vested	(146,151)	7.78
Forfeited	(24,604)	9.43
Unvested at December 31, 2022	280,275	\$ 9.06
Granted	164,413	11.94
Vested	(163,354)	8.58
Forfeited	(42,131)	10.63
Unvested at December 31, 2023	239,203	\$ 11.09

Performance-Based Awards

The Company grants performance-based restricted stock units ("PRSUs") under which shares of the Company's common stock may be earned based on the Company's performance compared to defined metrics. The number of shares earned under a performance award may vary from zero to 150% of the target shares awarded, based upon the Company's performance compared to the metrics. The metrics used for the grant are determined by the Company's Compensation Committee of the Board of Directors and are based on internal measures such as the achievement of certain predetermined adjusted EBITDA, EPS growth and EBITDA margin performance goals over a three-year period.

The Company recognizes stock-based compensation expense for these awards over the vesting period based on the projected probability of achievement of the performance conditions as of the end of each reporting period during the performance period and may periodically adjust the recognition of such expense, as necessary, in response to any changes in the Company's forecasts with respect to the performance conditions. For the years ended December 31, 2023 and 2022, the Company recognized \$3.4 million and \$1.2 million, respectively, of stock-based compensation expense related to outstanding PRSUs.

The following table summarizes the Company's PRSU activity:

	Awards	Weighted-Average Grant Date Fair Values
Unvested at January 1, 2022	280,700	\$ 9.46
Granted	258,363	7.18
Vested	—	—
Forfeited	(41,123)	8.98
Unvested at December 31, 2022	497,940	\$ 8.32
Granted	289,092	12.77
Performance factor adjustment ⁽¹⁾	(121,827)	4.29
Vested	32,327	4.29
Forfeited	(116,911)	9.81
Unvested at December 31, 2023	580,621	\$ 10.85

⁽¹⁾ Performance-based awards covering the three year period ended December 31, 2022 were paid out in the first quarter of 2023 based on the approval of the Company's Compensation Committee. The performance factor during the measurement period used to determine compensation payouts was 136.13% of the pre-defined metric target of 100%, which resulted in a positive performance factor adjustment and the issuance of 32,327 of additional awards associated with the original grant.

Market-Based Awards

The vesting of the Company's market-based RSU ("MRSUs") was contingent upon the Company's closing price of a share of the Company's common stock on the Nasdaq Capital market, or such other applicable principal securities exchange or quotation system, achieving at least \$18.00 over a period of eighty consecutive trading days during the three-year period commencing on August 1, 2018 and concluding on July 31, 2021. On September 4, 2020, the Compensation Committee of the Board of

Directors of the Company approved amendments to modify the MRSUs to extend the measurement period to July 16, 2022. In addition to the market performance-based vesting condition, the vesting of such restricted stock unit was subject to continued employment from August 1, 2017 through the later of July 31, 2019 or the date on which the Compensation Committee certifies the achievement of the performance goal. The Company accounted for this amendment as a Type I modification and recognized approximately \$0.2 million of incremental stock-based compensation expense over 1.26 years from the modification date based on an updated Monte Carlo simulation model. These awards expired on July 16, 2022 as the MRSU award market condition was not achieved.

Stock-Based Compensation Expense

Total recognized stock-based compensation expense amounted to \$ 4.9 million and \$2.7 million for the years ended December 31, 2023 and 2022, respectively. The aggregate fair value as of the vest date of RSUs that vested during the years ended December 31, 2023 and 2022 was \$3.8 million and \$1.3 million, respectively. Total unrecognized stock-based compensation expense related to unvested RSUs which are probable of vesting amounted to \$3.5 million at December 31, 2023. These costs are expected to be recognized over a weighted average period of 1.64 years.

Note 18 – Subsequent Events

On March 13, 2024, LFS, LHLLC, and other designated parties entered into a first amendment to the Second A&R Wintrust Credit Agreement (the "First Amendment to the Second A&R Wintrust Credit Agreement") with the lenders party thereto and Wintrust, as administrative agent. The First Amendment to the Second A&R Wintrust Credit Agreement makes certain amendments to the Second A&R Wintrust Credit Agreement, including: (i) modifying the definition of "L/C Sublimit" to increase the sublimit for the issuance of letters of credit from \$5.0 million to \$10.0 million, (ii) removing the requirement to deliver a Borrowing Base Certificate if outstanding Revolving Loans and Letters of Credit (as such terms are defined in the Second A&R Wintrust Credit Agreement) do not exceed \$30.0 million, and (iii) removing certain financial covenants that restrict the Company's ability to make Unfinanced Capital Expenditures (as defined in the Second A&R Wintrust Credit Agreement).

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures : Our management carried out, as of December 31, 2023, with the participation of our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting: There were no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f)) during the fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting: Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with existing policies or procedures may deteriorate. Under the supervision and with the participation of our management, including our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control-Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Crowe LLP ("Crowe"), the independent registered public accounting firm that audited the Company's consolidated financial statements, has issued an attestation report on the Company's internal control over financial reporting. Crowe's attestation report on the Company's internal control over financial reporting appears in Part II, Item 8 of this Annual Report on Form 10-K and is incorporated by reference herein.

Item 9B. Other Information

As previously discussed in our periodic reports, at our 2022 Annual Meeting of Stockholders held on June 22, 2022 (the "2022 Annual Meeting"), our stockholders approved, (i) the election of two Class C members of the Company's Board of Directors; (ii) the approval of an amendment to the Limbach Holdings, Inc. Amended and Restated Omnibus Incentive Plan, which included an increase in the number of authorized shares under the plan by 350,000 shares of the Company's common stock, par value \$0.0001 per share; (iii) a non-binding advisory vote on the compensation of the Company's named executive officers; and (iv) the ratification of the appointment of the Company's independent registered public accounting firm for the fiscal year ending December 31, 2022 (the "Stockholder Actions"). The Stockholder Actions are described more fully in the Company's definitive proxy statement for the 2022 Annual Meeting, filed with the Securities and Exchange Commission ("SEC") on April 29, 2022, and the voting results from the meeting are set forth in the Company's Current Report on Form 8-K filed with the SEC on June 23, 2022. The record date established for the 2022 Annual Meeting was April 22, 2022, which exceeded by one day the maximum of 60 days by which a record date is permitted to precede a meeting of stockholders under the Delaware General Corporation Law (the "DGCL") and the Company's Amended and Restated Bylaws.

On June 29, 2023, a putative purported class action complaint captioned *Ayers v. McNally* was filed against our Board in the Court of Chancery (the "Court") of the State of Delaware (the "Action"). The plaintiff alleged violation of Section 213(a) of the DGCL in fixing the record date more than 60 days before the Company's 2022 Annual Meeting. According to the complaint, because the record date allegedly violated Section 213(a) of the DGCL, the actions taken at the 2022 Annual Meeting were invalid.

As was described in the Company's Current Report on Form 8-K filed with the SEC on August 16, 2023, the Company filed a petition seeking the approval of the Delaware Court of Chancery (the "Court"), pursuant to Section 205 of the DGCL, to validate the Stockholder Actions (the "Section 205 Petition").

On September 18, 2023, the Court held a hearing on the Section 205 Petition. Following oral argument, the Court entered an Order and Final Judgment declaring valid the 2022 Annual Meeting, along with each of the Stockholder Actions outlined in the Section 205 Petition.

On September 18, 2023, the Court entered a final order approving all of the relief requested by the Company in the Section 205 Petition, including validation of the Stockholder Actions (the "Final Order"). After the Court entered the Final Order, the Court also dismissed a purported putative class action and derivative lawsuit (the "Action") brought against the Company by Patrick Ayers (the "Plaintiff"). The Action was related to, but independent of, the Section 205 Petition and was dismissed as moot upon validation of the Section 205 Petition. The Action was dismissed with prejudice as to the Plaintiff and is deemed resolved by the Company, other than resolving an anticipated application for an award of attorneys' fees and reimbursement of expenses from the Action by plaintiff's attorneys (a "Mootness Fee"). Without admitting any fault or wrongdoing, the Company agreed to pay \$0.3 million in attorneys' fees and expenses to the plaintiff's counsel in the Action as the Mootness Fee to resolve the matter.

On February 29, 2024, the Court entered an order closing the case (the "February Order"), subject to the Company filing an affidavit with the Court confirming compliance with the Court's February Order. In entering the February Order, the Court did not review, and did not pass judgment on, the payment of these attorneys' fees and expenses.

Rule 10b5-1 Trading Plans

The Company's executive officers and directors may from time to time enter into plans or arrangements for the purchase or sale of its common shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information called for by this item is incorporated herein by reference to the material under the captions "Proposal No. 1: Election of Directors – Directors and Executive Officers" and "Board of Directors and Corporate Governance" and "Security Ownership of Certain Owners and Management – Delinquent Section 16(a) Reports" (if applicable) in the Company's 2024 Proxy Statement. The Company's 2024 Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

The Company's Code of Ethics, which covers all employees (including our executive officers), meets the requirements of the SEC rules promulgated under Section 406 of the Sarbanes-Oxley Act of 2002. The Code of Ethics is available on the Company's website at <https://www.limbachinc.com/investor-relations/corporate-governance/>, and copies are available to stockholders without charge upon written request to the Company (attention: General Counsel) at the Company's principal executive offices. Any substantive amendment to the Code of Ethics or any waiver of the Code granted to our executive officers will be posted on the Company's website at <https://www.limbachinc.com/investor-relations/> within five business days (and retained on the website for at least one year).

Information required by Item 401 of Regulation S-K with respect to executive officers is included after Item 4 at the end of Part I of this Annual Report on Form 10-K under the caption "Information About Our Executive Officers" and is incorporated herein by reference.

Item 11. Executive Compensation

The information required to be disclosed by this item is incorporated herein by reference to the material under the captions "Board of Directors and Corporate Governance – Director Compensation," "Executive Compensation" and "Pay vs. Performance" in the Company's 2024 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by this item is incorporated herein by reference to the material under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the Company's 2024 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by this item is incorporated herein by reference to the material under the captions "Related Person Policy and Transactions" and "Board of Directors and Corporate Governance – Director Independence" in the Company's 2024 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information called for by this item is incorporated herein by reference to the material under the caption "Audit-Related Matters" in the Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules

a) Documents filed as part of this Report

- (1) Financial Statements. See "Index to Financial Statements" in Part II, Item 8 of this Form 10-K.
- (2) Financial Statement Schedules. All schedules are omitted for the reason that the information is included in the financial statements or the notes thereto or that they are not required or are not applicable.
- (3) Exhibits. The exhibits listed in the "Exhibits Index" are filed or incorporated by reference as part of this Form 10-K.

(b) Exhibits.

Exhibit	Description
2.1	Agreement and Plan of Merger, dated March 23, 2016, by and among the Company, Limbach Holdings LLC and FdG HVAC LLC ("Merger Agreement") (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the U.S. Securities and Exchange Commission on March 29, 2016).
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated July 11, 2016, by and among the Company, Limbach Holdings LLC and FdG HVAC LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the U.S. Securities and Exchange Commission on July 13, 2016).
2.3	Amendment No. 2 to Agreement and Plan of Merger, dated July 18, 2016, by and among the Company, Limbach Holdings LLC and FdG HVAC LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the U.S. Securities and Exchange Commission on July 18, 2016).
3.1	Conformed Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on June 23, 2023).
3.2	Certificate of Designation of Class A Preferred Stock (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on July 26, 2016).
3.3	Certificate of Correction to Certificate of Designation of Class A Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on August 24, 2016).
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 17, 2023).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-195695), filed with the U.S. Securities and Exchange Commission on June 27, 2014).
4.2	Warrant Agreement, dated as of July 15, 2014, by and between Continental Stock Transfer & Trust Company and 1347 Capital Corp. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the U.S. Securities and Exchange Commission on July 21, 2014).
4.3	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.4 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-195695), filed with the U.S. Securities and Exchange Commission on June 27, 2014).
4.4	Form of Merger Warrant issued pursuant to the Merger Agreement Certificate (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-3 (File No. 333-213646), filed with the U.S. Securities and Exchange Commission on September 15, 2016).
4.5	Form of Additional Merger Warrant issued pursuant to the Merger Agreement (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-3 (File No. 333-213646), filed with the U.S. Securities and Exchange Commission on September 15, 2016).
4.6	Form of CB Warrant issued pursuant to the 2019 Refinancing Agreement (incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 10-K (File No. 001-36541), filed with the SEC on April 15, 2019)
4.7	Description of Securities (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on March 25, 2021).
10.1	Amended and Restated Registration Rights Agreement, dated as of July 20, 2016, by and among the Company and the parties named on the signature pages thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on July 26, 2016).
10.2	Amendment No. 1 to Amended and Restated Registration Rights Agreement, among the Company and the signatories thereto (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on November 14, 2016).

10.3	Amendment No. 2 to Amended and Restated Registration Rights Agreement, among the Company and the signatories thereto (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 17, 2017).
10.4	Credit Agreement, dated as of July 20, 2016, by and among Limbach Facility Services LLC, the Company, the guarantors from time to time party thereto, the lenders from time to time party thereto, Fifth Third Bank, The PrivateBank and Trust Company and Wheaton Bank & Trust Company, a subsidiary of Wintrust Financial Corp (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on July 26, 2016).
10.5	First Amendment to Credit Agreement, Limited Waiver and Consent, dated as of December 15, 2016, by and among Limbach Facility Services LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Fifth Third Bank, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 15, 2019).
10.6	Second Amendment to Credit Agreement and Limited Waiver, dated January 12, 2018, by and among Limbach Facility Services LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Fifth Third Bank, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on January 12, 2018).
10.7	Third Amendment to Credit Agreement, dated March 21, 2018, by and among Limbach Holdings, Inc., Limbach Facility Services LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Fifth Third Bank, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on March 26, 2018).
10.8	Assumption and Supplement to Security Agreement, dated March 21, 2018, by and between Limbach Holdings, Inc. and Fifth Third Bank, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on March 26, 2018).
10.9	Fourth Amendment to Credit Agreement, dated May 15, 2018, by and among Limbach Facility Services LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Fifth Third Bank, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on May 15, 2018).
10.10	Fifth Amendment to Credit Agreement and Limited Waiver, dated as of August 13, 2018, by and among Limbach Facility Services LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Fifth Third Bank, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on August 14, 2018).
10.11	Sixth Amendment to Credit Agreement and Limited Waiver, dated as of November 30, 2018, by and among Limbach Facility Services LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Fifth Third Bank, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on November 30, 2018).
10.12	Limited, Conditional and Temporary Waiver and Amendment Related to Loan Documents, dated as of November 19, 2018 by and among Limbach Facility Services LLC, Limbach Holdings LLC, the Company, the other Guarantors party thereto, the Lenders party thereto and Fifth Third Bank, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 15, 2019).
10.13*	Limbach Holdings, Inc. Amended and Restated Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 (File No. 333-232407) filed with the U.S. Securities and Exchange Commission on September 11, 2020).
10.14*	Form of Inaugural Time-Based and Performance-Based Restricted Stock Unit Agreement for Executives (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on September 6, 2017).
10.15*	Form of Long-Term Incentive (Ongoing) Time-Based and Performance-Based Restricted Stock Unit Agreement for Executives (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on September 6, 2017).
10.16*	Form of Restricted Stock Unit Agreement for Non-Executive Employees (Time-Vested) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on September 6, 2017).
10.17*	Form of Annual Restricted Stock Unit Agreement for Non-Employee Directors (Time-Vested) (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on September 6, 2017).
10.18*	Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on July 26, 2016).

10.19*	Employment Agreement, dated as of March 23, 2016, by and between the Company and Charles A. Bacon, III (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the U.S. Securities and Exchange Commission on March 29, 2016).
10.20†	Financing Agreement, dated as of April 12, 2019, by and among the Company, Limbach Holdings LLC, Limbach Facility Services LLC, the lenders from time to time party thereto, Cortland Capital Market Services LLC, as collateral agent and administrative agent, CB Agent Services LLC, as origination agent, and the other parties party thereto (incorporated by reference to Exhibit 10.23 to the Company's Current Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 15, 2019).
10.21†	Pledge and Security Agreement, dated as of April 12, 2019, by and among the Company, Limbach Facility Services LLC, the other Guarantors party thereto and Cortland Capital Market Services LLC, as collateral agent (incorporated by reference to Exhibit 10.24 to the Company's Current Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 15, 2019).
10.22†	ABL Credit Agreement, dated as of April 12, 2019, by and among the Company, Limbach Holdings LLC, Limbach Facility Services LLC, the other borrowers party thereto, the lenders from time to time party thereto and Citizens Bank, N.A., as collateral agent, administrative agent and origination agent (incorporated by reference to Exhibit 10.25 to the Company's Current Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 15, 2019).
10.23†	Pledge and Security Agreement, dated as of April 12, 2019, by and among the Company, Limbach Facility Services LLC, the other Guarantors party thereto and Citizens Bank, N.A., as collateral agent (incorporated by reference to Exhibit 10.26 to the Company's Current Report on Form 10-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on April 15, 2019).
10.24*	Limbach Holdings, Inc. 2019 Employee Stock Purchase Plan, dated as of April 29, 2019 (incorporated by reference to Exhibit 99.2 to the Company's Registration Statement on Form S-8 (File No. 333-232407) filed with the U.S. Securities and Exchange Commission on June 27, 2019).
10.25*	Offer Letter, dated September 29, 2019, by and between the Company and Jayme Brooks (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on September 30, 2019).
10.26*	Separation Agreement, dated as of October 23, 2019, by and between the Company and John T. Jordan, Jr. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on October 30, 2019.)
10.27	Amendment Number One to Financing Agreement and Waiver, dated November 14, 2019, by and among Limbach Holdings, Inc., Limbach Holdings LLC, Limbach Facility Services LLC, the other Guarantors party thereto, the Lenders party thereto and Cortland Capital Market Services LLC, as Collateral Agent and Administrative Agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 10-Q (File No 001-36541) filed with the U.S. Securities and Exchange Commission on November 14, 2019).
10.28	Amendment Number One to ABL Financing Agreement and Waiver, dated November 14, 2019, by and among Limbach Holdings, Inc., Limbach Holdings LLC, Limbach Facility Services LLC, the other Guarantors party thereto, the Lenders party thereto and Citizens Bank, N.A., as Collateral Agent and Administrative Agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 10-Q (File No 001-36541) filed with the U.S. Securities and Exchange Commission on November 14, 2019).
10.29	Offer Letter, dated May 11, 2020, between the Company and Michael M. McCann (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-36541), filed with the SEC on August 13, 2020).
10.30	Credit Agreement, dated February 24, 2021, by and among Limbach Facility Services, LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Wheaton Bank & Trust Company, N.A., as Administrative Agent and L/C Issuer, Bank of the West, as Documentation Agent and M&T Bank, as Syndication Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the SEC on February 25, 2021).
10.31	The Amended and Restated Credit Agreement, dated as of December 2, 2021, by and among Limbach Facility Services LLC, Limbach Holdings LLC, the other Guarantors party thereto, the Lenders party thereto and Wheaton Bank & Trust Company, N.A., as Administrative Agent and L/C Issuer, Bank of the West, as Documentation Agent and M&T Bank, as Syndication Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the SEC on December 3, 2021).
10.32	Membership Interest Purchase Agreement, dated as of December 2, 2021, by and between Jake Marshal, LLC, Coating Solutions, LLC, Richard L. Pollard, Matthew S. Pollard, Limbach Holdings, Inc. and Limbach Facility Services LLC. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-36541), filed with the SEC on December 3, 2021).
10.33	Promotion Letter dated January 17, 2023 – Michael M. McCann (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on January 17, 2023).
10.34*	Promotion Letter dated January 17, 2023 – Jay Sharp (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on January 17, 2023).

10.35*	Promotion Letter dated January 17, 2023 – Nick Angerosa (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on January 17, 2023).
10.36*	Employment Transition Agreement dated January 17, 2023, by and between Limbach Holdings, Inc. and Charles A. Bacon, III (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on January 17, 2023).
10.37*	Limbach Facility Services LLC Performance Bonus Plan for Executives (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on February 2, 2023).
10.38	The Second Amended and Restated Credit Agreement dated as of May 4, 2023, by and among Limbach Facility Services LLC, a Delaware limited liability company, Limbach Holdings LLC, a Delaware limited liability company, and the direct and indirect subsidiaries of the Borrower from time to time party to the agreement, as Guarantors, the various institutions from time to time party to the agreement, as Lenders, and Wheaton Bank & Trust Company, N.A., a subsidiary of Wintrust Financial Corporation, as Administrative Agent and L/C Issuer (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on May 8, 2023).
21.1	Subsidiaries of the Company, filed herewith as Exhibit 21.1
23.1	Consent of Crowe LLP.
24.1	Power of Attorney (included on the signature page).
31.1	Certification of the President and Chief 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 the Executive Vice President and Chief 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 the President and Chief 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 the Executive Vice President and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Limbach Holdings, Inc. Clawback Policy (filed herewith)
99.1	Petition Filed by Limbach Holdings, Inc. in the Delaware Court of Chancery on August 2, 2023 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on August 16, 2023).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Document.
†	The schedules and exhibits to this agreement have been omitted from this filing pursuant to Item 601 of Regulation S-K. The Company will furnish copies of any such schedules and exhibits to the U.S. Securities and Exchange Commission upon request.

* Management contract of compensatory plan or arrangement.

(c) *Financial Statement Schedules.* Included in Item 15(a)(2) above.

Item 16. Form 10-K Summary

Not applicable.

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.

LIMBACH HOLDINGS, INC.

/s/ Michael M. McCann

Michael M. McCann

President and Chief Executive Officer

Date: March 13, 2024

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael M. McCann and Jayme L. Brooks and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Michael M. McCann</u> Michael M. McCann	President and Chief Executive Officer and Director (principal executive officer)	March 13, 2024
<u>/s/ Jayme L. Brooks</u> Jayme L. Brooks	Executive Vice President and Chief Financial Officer (principal financial and accounting officer)	March 13, 2024
<u>/s/ Gordon G. Pratt</u> Gordon G. Pratt	Director and Chairman	March 13, 2024
<u>/s/ Michael F. McNally</u> Michael F. McNally	Director	March 13, 2024
<u>/s/ Norbert W. Young</u> Norbert W. Young	Director	March 13, 2024
<u>/s/ Laurel J. Krzeminski</u> Laurel J. Krzeminski	Director	March 13, 2024
<u>/s/ Joshua S. Horowitz</u> Joshua S. Horowitz	Director	March 13, 2024
<u>/s/ Linda G. Alvarado</u> Linda G. Alvarado	Director	March 13, 2024

Subsidiaries of Limbach Holdings, Inc.

Subsidiary	State of Formation
Limbach Holdings LLC	Delaware
Limbach Facility Services LLC	Delaware
Harper Limbach Construction LLC	Delaware
Harper Limbach LLC	Delaware
Limbach Company LP	Delaware
Limbach Company LLC	Delaware
Jake Marshall, LLC	Tennessee
Coating Solutions, LLC	Tennessee
Acme Industrial Piping, LLC	Tennessee
Industrial Air, LLC	North Carolina

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-218480, 333-220265, and 333-259305 on Form S-3 and Registration Statements Nos. 333-220264, 333-232407, 333-248736, 333-259309 and 333-270359 on Form S-8 of Limbach Holdings, Inc. of our report dated March 13, 2024 relating to the financial statements appearing in this Annual Report on Form 10-K.

/s/ Crowe LLP

Oak Brook, Illinois

March 13, 2024

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

I, Michael M. McCann, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of Limbach Holdings, Inc.;
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(s) 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: March 13, 2024

/s/ Michael M. McCann

Michael M. McCann

President and Chief 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, Jayme L. Brooks, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of Limbach Holdings, Inc.;
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(s) 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: March 13, 2024

/s/ Jayme L. Brooks

Jayme L. Brooks

Executive Vice President and Chief 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 Annual Report on Form 10-K of Limbach Holdings, Inc. (the "Company") for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Michael M. McCann, the President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

- (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 results of operations of the Company.

Date: March 13, 2024

/s/ Michael M. McCann

Michael M. McCann

President and Chief 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 Annual Report on Form 10-K of Limbach Holdings, Inc. (the "Company") for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Jayme L. Brooks, the Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

- (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 results of operations of the Company.

Date: March 13, 2024

/s/ Jayme L. Brooks

Jayme L. Brooks

Executive Vice President and Chief Financial Officer

**Limbach Holdings, Inc.
Clawback Policy
(Covered Executives)**

The Board of Directors (the “Board”) of Limbach Holdings, Inc. (the “Company”) believes that it is in the best interests of the Company and its stockholders to adopt this Clawback Policy (this “Policy”), which provides for the recovery of certain incentive-based compensation upon the occurrence of certain events, including an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10D-1 promulgated under the Exchange Act (“Rule 10D-1”) and Nasdaq Listing Rule 5608 (the “Listing Standards”).

- 1. Administration.** Except as specifically set forth herein, this Policy shall be administered by the Compensation Committee of the Board or, if so designated by the Board via a duly adopted resolution of the Board, the Board or another committee of the Board (the Board or such committee charged with administration of this Policy, the “Administrator”). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board, such as the Audit Committee, as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company or any authorized agent of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer).
- 2. Definitions.** As used in this Policy, the following definitions shall apply:
 - “Accounting Restatement” means an accounting restatement¹ of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required

¹ Under U.S. Generally Accepted Accounting Principles (“GAAP”), a restatement is “the process of revising previously issued financial statements to reflect the correction of an error in those financial statements.” See *Financial Accounting Standards Board Accounting Standards Codification Topic 250, Accounting Changes and Error Corrections* (“ASC Topic 250”). Under International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), a retrospective restatement is “correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.” See *International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors* (“IAS 8”), paragraph 5.

accounting restatement to correct an error² in previously issued financial statements that is material to the previously issued financial statements,³ or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.⁴ Notwithstanding the foregoing, the following types of changes to the Company's financial statements do not represent error corrections, and therefore would likewise not trigger application of this Policy:

- Retrospective application of a change in accounting principle⁵;
- Retrospective revision to reportable segment information due to a change in the structure of the Company's internal organization;⁶
- Retrospective reclassification due to a discontinued operation;
- Retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; and

² Under GAAP, an error in previously issued financial statements is “[a]n error in recognition, measurement, presentation, or disclosure in financial statements resulting from mathematical mistakes, mistakes in the application of generally accepted accounting principles (GAAP), or oversight or misuse of facts that existed at the time the financial statements were prepared. A change from an accounting principle that is not generally accepted to one that is generally accepted is a correction of an error.” See ASC Topic 250. Under IFRS, prior period errors are “omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were authorized for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.” See IAS 8, paragraph 5.

³ Such restatements are referred to as “Big R” restatements. Note that certain errors may compound over time. While the initial error amount may not have been material to previously issued financial statements, it may become material due to its cumulative effect over multiple reporting periods. A material adjustment to the current period that relates to an error from previously issued financial statements would cause the current period financial statements to be materially misstated. An example of such error is an improper expense accrual (such as an overstated liability) that has built up over five years at \$10 million per year. Upon identification of the error in year five, the Company evaluated the misstatement as being immaterial to the financial statements in years one through four. To correct the overstated liability in year five a \$50 million credit to the statement of comprehensive income would be necessary; however, \$10 million of it would relate to the previously issued financial statements for years one through four. During the preparation of its annual financial statements for year five, the Company determines that, although a \$10 million annual misstatement of expense would not be material, the adjustment to correct the \$40 million cumulative error from previously issued financial statements would be material to comprehensive income for year five. Accordingly, the Company must correct the financial statements for years one through four.

⁴ Such restatements are referred to as “little r” restatements. See Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (Sept. 13, 2006). In the Memorandum from the Division of Economic and Risk Analysis (June 8, 2022), the Commission staff refers to “little r” restatements as restatements that correct errors that would only result in a material misstatement if the errors were left uncorrected in the current report or the error correction was recognized in the current period.

⁵ A change in accounting principle is “[a] change from one generally accepted accounting principle to another generally accepted accounting principle when there are two or more generally accepted accounting principles that apply or when the accounting principle formerly used is no longer generally accepted. A change in the method of applying an accounting principle also is considered a change in accounting principle.” See ASC Topic 250. IAS 8 has similar guidance. A change from an accounting principle that is not generally accepted to one that is generally accepted, however, would be a correction of an error.

⁶ If the Company changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier periods, including interim periods, should be revised unless it is impracticable to do so. See ASC Topic 280-10-50-34. IFRS 8 has similar guidance.

- Retrospective revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.
- “Administrator” has the meaning set forth in **Section 1** hereof.
- “Applicable Period” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year).
- The “date on which the Company is required to prepare an Accounting Restatement” is the earlier to occur of (a) the date the Board, an authorized committee of the Board (e.g., the Audit Committee), or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.
- “Commission” means the U.S. Securities and Exchange Commission.
- “Covered Executives” means the Company’s current and former executive officers, as determined by the Administrator in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.
- “Erroneously Awarded Compensation” has the meaning set forth in **Section 5** of this Policy.
- A “Financial Reporting Measure” is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure, whether or not such Financial Reporting Measure is included in a filing with the Commission. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): price of the Company’s securities listed on a securities exchange; total stockholder return (“TSR”); revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization (“EBITDA”); funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store

sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such Financial Reporting Measures relative to a peer group, where the Company's Financial Reporting Measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the Commission.

- **Incentive-Based Compensation** means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure, including, without limitation, (i) non-equity incentive plan awards that are earned based wholly or in part on satisfying a Financial Reporting Measure performance goal; (ii) bonuses paid from a "bonus pool," the size of which is determined based wholly or in part on satisfying a Financial Reporting Measure performance goal; (iii) other cash awards based on satisfaction of a Financial Reporting Measure performance goal; (iv) restricted stock, restricted stock units, performance share units, stock options, and stock appreciation rights that are granted or become vested based wholly or in part on satisfying a Financial Reporting Measure performance goal; and (v) proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based wholly or in part on satisfying a Financial Reporting Measure performance goal.
- Incentive-Based Compensation is **“received”** for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.⁷ All conditions to an award for Incentive-Based Compensation need not be satisfied for the Incentive-Based Compensation to be deemed received

⁷ The date of receipt of the Incentive-Based Compensation depends on the terms of the award. For example:

- If the grant of an award is based, either wholly or in part, on satisfaction of a Financial Reporting Measure performance goal, the award would be deemed received in the fiscal period when that measure was satisfied;
- If an equity award vests only upon satisfaction of a Financial Reporting Measure performance condition, the award would be deemed received in the fiscal period when it vests;
- A non-equity incentive plan award would be deemed received in the fiscal year that the executive officer earns the award based on satisfaction of the relevant Financial Reporting Measure performance goal, rather than a subsequent date on which the award was paid. This would be the same fiscal year for which the non-equity incentive plan award earnings are reported in the Summary Compensation Table, based on Instruction 1 to Item 402(c)(2)(vii) of Regulation S-K, which provides: "If the relevant performance measure is satisfied during the fiscal year (including for a single year in a plan with a multi-year performance measure), the earnings are reportable for that fiscal year, even if not payable until a later date, and are not reportable again in the fiscal year when amounts are paid to the named executive officer;" and
- A cash award earned upon satisfaction of a Financial Reporting Measure performance goal would be deemed received in the fiscal period when that measure is satisfied.

under this Policy. Incentive-Based Compensation is deemed received even if there is a contingent right to payment at that time or payment remains subject to ministerial acts, such as calculating the amount earned or obtaining the approval of the Administrator or the Board.

3. **Covered Executives; Incentive-Based Compensation.** Except as set forth in **Section 11** of this Policy, this Policy applies to Incentive-Based Compensation received by a Covered Executive (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.
4. **Required Recoupment of Erroneously Awarded Compensation in the Event of an Accounting Restatement.** In the event the Company is required to prepare an Accounting Restatement, the Company shall promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to **Section 5** hereof, during the Applicable Period.⁸
5. **Erroneously Awarded Compensation: Amount Subject to Recovery.** The amount of "Erroneously Awarded Compensation" subject to recovery under this Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been

⁸ Rule 10D-1 requires companies to recover erroneously awarded compensation "reasonably promptly." Unpaid amounts will be subject to disclosure under Item 402(w)(1)(ii) and (iii). Further, Section 402 of the Sarbanes-Oxley Act prohibits publicly-traded companies from providing personal loans to directors and executive officers. While the Commission does not view recovery that is made reasonably promptly to prohibit Section 402 of the Sarbanes-Oxley Act, it did not extend such guidance in the event recovery is not made reasonably promptly.

determined based on the restated amounts.⁹ Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation. With respect to any compensation plans or programs that take into account Incentive-Based Compensation, the amount of Erroneously Awarded Compensation subject to recovery hereunder includes, but is not limited to, the amount contributed to any notional account based on Erroneously Awarded Compensation and any earnings accrued to date on that notional amount.

For Incentive-Based Compensation based on stock price or TSR: (a) the Administrator shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the

⁹ Generally, after an Accounting Restatement, the Company must first recalculate the applicable Financial Reporting Measure and the amount of Incentive-Based Compensation based thereon. The Company must then determine whether, based on that Financial Reporting Measure as calculated by relying on the original financial statements and taking into account any discretion that the Compensation Committee of the Board had applied to reduce the amount originally received, the executive officer received a greater amount of Incentive-Based Compensation than would have been received applying the recalculated Financial Reporting Measure. For example, assume a situation in which, based on the Financial Reporting Measure as originally reported, the amount of the award was \$3,000. However, the Company exercised negative discretion to pay out only \$2,000. Following the restatement, the amount of the award based on the corrected Financial Reporting Measure is \$1,800. Taking into account the Company's exercise of negative discretion, the amount of recoverable erroneously awarded compensation would be \$200 (i.e., \$2,000 - \$1,800).

Where Incentive-Based Compensation is based only in part on the achievement of a Financial Reporting Measure performance goal, the Company would first need to determine the portion of the original Incentive-Based Compensation based on or derived from the Financial Reporting Measure that was restated. The Company would then need to recalculate the affected portion based on the Financial Reporting Measure as restated, and recover the difference between the greater amount based on the original financial statements and the lesser amount that would have been received based on the restatement. For example, assume a situation in which, based on the financial reporting measure as originally reported, the amount of the award was \$3,000. The Company exercised positive discretion to increase the amount by \$1,000, paying out a total of \$4,000. Following the restatement, the amount of the award based on the corrected financial reporting measure is \$1,800. Taking into account the Company's exercise of positive discretion, the amount of erroneously awarded compensation that would be recoverable would be \$1,200, provided that based on the revised measurement, the exercise of positive discretion to increase the amount by \$1,000 was still permitted under the terms of the plan (i.e., \$4,000 - (\$1,800 + \$1,000)).

For cash awards, the Erroneously Awarded Compensation is the difference between the amount of the cash award (whether payable as a lump sum or over time) that was received and the amount that should have been received applying the restated Financial Reporting Measure. For cash awards paid from bonus pools, the Erroneously Awarded Compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated financial reporting measure. For equity awards, if the shares, options, or SARs are still held at the time of recovery, the Erroneously Awarded Compensation is the number of such securities received in excess of the number that should have been received applying the restated financial reporting measure (or the value of that excess number). If the options or SARs have been exercised, but the underlying shares have not been sold, the erroneously awarded compensation is the number of shares underlying the excess options or SARs (or the value thereof).

As noted in the Rule 10D-1 Rule's Release, "[the Securities and Exchange Commission's] inten[tion] [is] for the definition of erroneously awarded compensation to apply in a principles-based manner and as a result issuers may adopt more extensive recovery policies, so long as those policies at a minimum satisfy the requirements of the rule." [Listing Standards for Recovery of Erroneously Awarded Compensation](#) File Nos: S7-12-15, pg. 78. As has been determined by the Administrator the intent of this Policy is to recover only the Erroneously Awarded Compensation as would be required by Rule 10D-1 and not additional amounts (as such in cases where a particular situation causes there to be several periods impacted, the recovery of Erroneously Awarded Compensation should only be applied to the actual compensation impacted and not be "double counted.") Additionally, the Administrator would retain all rights that it would otherwise have related to the interpretation and construction of any Incentive Compensation paid or payable to other eligible participants that are not Covered Executives should Erroneously Awarded Compensation be determined to have been paid to Covered Executives.

stock price or TSR upon which the Incentive-Based Compensation was received;¹⁰ and (b) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market (“Nasdaq”).

6. Method of Recoupment. The Administrator shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder which may include without limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Executive.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- The direct expense paid to a third party¹¹ to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover and provide that documentation to Nasdaq;
- Recovery would violate home country law of the Company where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation

¹⁰ Pursuant to Item 402(w)(1)(i)(C) of Regulation S-K, if at any time during or after the last completed fiscal year the Company was required to prepare an accounting restatement that required recovery of erroneously awarded compensation pursuant to this Policy, or there was an outstanding balance as of the end of the last completed fiscal year of erroneously awarded compensation to be recovered from the application of the policy to a prior restatement, and the financial reporting measure related to a stock price or TSR metric, the Company must disclose the estimates that were used in determining the erroneously awarded compensation attributable to such accounting restatement and an explanation of the methodology used for such estimates.

¹¹ Such direct costs include reasonable legal expenses and consulting fees, as well as the amount spent on a consultant or other third-party service provider to determine the amount of compensation to be recovered in connection with Incentive-Based Compensation tied to stock price or TSR once the recoverable amount is determined.

based on violation of home country law of the Company, the Administrator must satisfy the applicable opinion and disclosure requirements of Rule 10D-1 and the Listing Standards; or

- Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company,¹² to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

7. **No Indemnification of Covered Executives.** Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

8. **Administrator Indemnification.** Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

9. **Effective Date; Retroactive Application.** This Policy shall be effective as of October 1, 2023 (the 'Effective Date'). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date. Without limiting the generality of **Section 6** hereof, and subject to applicable law, the Administrator may affect recovery under this Policy from any amount of compensation approved, awarded, granted, payable or paid to the Covered Executive prior to, on or after the Effective Date.

10. **Amendment; Termination.** The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company's securities are listed.

¹² Plans limited only to executive officers, SERPS and other nonqualified plan, and benefits therefrom, are subject to recovery under this Policy.

11. Other Recoupment Rights; Company Claims. The Board intends that this Policy shall be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of or resulting from any actions or omissions by the Covered Executive.

Notwithstanding anything set forth in this Policy, by signing the acknowledgement below, the Company's Chief Executive Officer and Chief Financial Officer acknowledge that in the event the Company is required to prepare an accounting restatement subject to Section 304 of the Sarbanes-Oxley Act of 2002, as amended ("Section 304"), she or he shall forfeit such amounts required pursuant to Section 304.

12. Successors. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

13. Governing Law, Dispute Resolution and Venue. This Policy and all acts and transactions pursuant hereto and the rights and obligations of the Parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to such state's conflict of laws rules.

Any and all disputes relating to, concerning or arising from this Policy, or relating to, concerning or arising from the relationship between the parties evidenced by this Policy, will be brought and heard exclusively in state or federal courts located in Allegheny County, Pennsylvania. Each of the Company and each person subject to this Policy hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning, or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning, or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

14. Exhibit Filing Requirement. A copy of this Policy and any amendments thereto shall be posted on the Company's website and filed as an exhibit to the Company's annual report on Form 10-K.

Clawback Policy Acknowledgment

I, the undersigned, agree and acknowledge that, in consideration of good and valuable consideration, I am fully bound by, and subject to, all of the terms and conditions of the Limbach Holdings, Inc. Clawback Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the "Policy"). In the event of any inconsistency between the Policy and the terms of any employment agreement, offer letter or similar arrangement to which I am a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, the terms of the Policy shall govern. In the event it is determined by the Administrator that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. Any capitalized terms used in this Acknowledgment without definition shall have the meaning set forth in the Policy.

By: _____
Name _____ Date _____
Title _____