REFINITIV

DELTA REPORT

10-Q

LMB - LIMBACH HOLDINGS, INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	539
CHANGES	227
DELETIONS	110
ADDITIONS	202

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2024 June 30, 2024

OR

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

Commission File Number 001-36541

LIMBACH-PrimaryLogo_RGB_edited.jpg

LIMBACH HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware, USA	**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)

1-412-359-2100
(Registrant’s telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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, a 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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

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

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

As of May 6, 2024 August 2, 2024, there were 11,183,076 11,273,101 shares of the registrant’s common stock, $0.0001 par value per share, outstanding.

LIMBACH HOLDINGS, INC.

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q that are not based upon historical fact facts 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 Quarterly Report on Form 10-Q and the Company management's' management's 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 include (i) intense competition in our industry; (ii) ineffective management of the size and cost of our operations; (iii) our dependence on a limited number of customers; (iv) unexpected adjustments to our backlog or cancellations of order orders in our backlog; (v) cost of overruns under our contracts; (vi) timing of the award and performance of new contracts; (vii) significant costs in excess of the original project scope and contract amount without having an approved change order; (viii) our failure to adequately recover on claims brought by us against contractors, project owners or other project participants for additional contract costs; (ix) risks associated with placing significant decision making powers with our subsidiaries' management; (x) 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; (xi) design errors and omissions in connection with Design/Build and Design/Assist contracts; (xii) delays and/or defaults in customer payments; (xiii) unsatisfactory safety performance; (xiv) labor disputes with unions representing our employees; (xv) strikes or work stoppages; (xvi) misconduct by our employees, subcontractors or partners, or our overall failure to comply with laws or regulations; (xvii) our dependence on subcontracts and suppliers of equipment and materials; (xviii) price increases in materials; (xix) changes in energy prices; (xx) our inability to identify and contract with qualified Disadvantaged Business Enterprise (“DBE”) contractors to perform as subcontractors; (xxi) reputational harm arising from our participation in construction joint ventures; (xxii) any difficulties in the financial and surety markets; (xxiii) our inability to obtain necessary insurance due to difficulties in the insurance markets; (xxiv) our use of the cost-to-cost method of accounting could result in a reduction or reversal of previously recorded revenue or profits; (xxv) impairment charges for goodwill and intangible assets; (xxvi) unexpected expenses arising from contractual warranty obligations; (xxvii) increased costs or limited supplies of raw materials and products used in our operations arising from recent and potential changes in U.S. trade policies and retaliatory responses from other countries; (xxviii) rising inflation and/or interest rates, or deterioration of the United States economy and conflicts around the world; (xxix) increased debt service obligations due to our variable rate indebtedness; (xxx) failure to remain in compliance with covenants under our debt and credit agreements or service our indebtedness; (xxxi) our inability to generate sufficient cash flow to meet all of our existing or potential future debt service obligations; (xxxii) significant expenses and liabilities arising under our obligation to contribute to multiemployer pension plans; (xxxiii) a pandemic, epidemic or outbreak of an infectious disease in the markets in which we operate or that otherwise impacts our facilities or suppliers; (xxxiv) future climate change; (xxxv) market or regulatory responses to climate change; (xxxvi) increasing scrutiny and changing expectations from investors and customers with respect to our environmental, social and governance practices; (xxxvii) adverse weather conditions, which may harm our business and financial results; (xxxviii) information technology system failures, network disruptions or cyber security breaches, events or attacks; (xxxix) 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; (xl) changes in laws, regulations or requirements, or a material failure of any of our subsidiaries or us to comply with any of them; (xli) becoming barred from future government contracts due to violations of the applicable rules and regulations; (xlii) costs associated with compliance with environmental, safety and health regulations; (xliii) our failure to comply with immigration laws and labor

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regulations; and (xliv) those factors described under Part I, Item 1A “Risk Factors” of the Company’s most recent Annual Report on Form 10-K.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LIMBACH HOLDINGS, INC.
Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share data)	*(in thousands, except share and per share data)*	March 31, 2024	December 31, 2023	*(in thousands, except share and per share data)*	June 30, 2024	December 31, 2023
ASSETS	**ASSETS**			**ASSETS**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents						
Restricted cash						
Accounts receivable (net of allowance for credit losses of $330 and $292 as of March 31, 2024 and December 31, 2023, respectively)						
Accounts receivable (net of allowance for credit losses of $357 and $292 as of June 30, 2024 and December 31, 2023, respectively)						
Contract assets						
Other current assets						
Other current assets						
Income tax receivable						
Other current assets						
Total current assets						
Property and equipment, net						
Property and equipment, net						
Property and equipment, net						

Intangible assets, net			
Goodwill			
Operating lease right-of-use assets			
Deferred tax asset			
Other assets			
Total assets			
LIABILITIES			
LIABILITIES			
LIABILITIES			
Current liabilities:			
Current liabilities:			
Current liabilities:			
Current portion of long-term debt			
Current portion of long-term debt			
Current portion of long-term debt			
Current operating lease liabilities			
Accounts payable, including retainage			
Contract liabilities			
Accrued income taxes			
Accrued expenses and other current liabilities			
Total current liabilities			
Long-term debt			
Long-term operating lease liabilities			
Other long-term liabilities			
Total liabilities			
Commitments and contingencies (Note 13)	Commitments and contingencies (Note 13)		Commitments and contingencies (Note 13)
STOCKHOLDERS' EQUITY			
STOCKHOLDERS' EQUITY			
STOCKHOLDERS' EQUITY			
Common stock, $0.0001 par value; 100,000,000 shares authorized, issued 11,447,738 and 11,183,076, respectively, and 11,268,086 and 11,003,424 outstanding, respectively			
Common stock, $0.0001 par value; 100,000,000 shares authorized, issued 11,447,738 and 11,183,076, respectively, and 11,268,086 and 11,003,424 outstanding, respectively			
Common stock, $0.0001 par value; 100,000,000 shares authorized, issued 11,447,738 and 11,183,076, respectively, and 11,268,086 and 11,003,424 outstanding, respectively			
Common stock, $0.0001 par value; 100,000,000 shares authorized, issued 11,449,652 and 11,183,076, respectively, and 11,270,000 and 11,003,424 outstanding, respectively			
Common stock, $0.0001 par value; 100,000,000 shares authorized, issued 11,449,652 and 11,183,076, respectively, and 11,270,000 and 11,003,424 outstanding, respectively			
Common stock, $0.0001 par value; 100,000,000 shares authorized, issued 11,449,652 and 11,183,076, respectively, and 11,270,000 and 11,003,424 outstanding, respectively			
Additional paid-in capital			
Treasury stock, at cost (179,652 shares at both period ends)			
Retained earnings			
Total stockholders' equity			
Total liabilities and stockholders' equity			

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

LIMBACH HOLDINGS, INC.

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,

		Three Months Ended March 31,			
		Three Months Ended March 31,			
(in thousands, except share and per share data)					
(in thousands, except share and per share data)					
		Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except share and per share data)	*(in thousands, except share and per share data)*	2024	2023	2024	2023
Revenue					
Revenue					
Revenue					
Cost of revenue					
Cost of revenue					
Cost of revenue					
Gross profit					
Gross profit					
Gross profit					
Operating expenses:					
Operating expenses:					
Operating expenses:					
Selling, general and administrative					
Selling, general and administrative					
Selling, general and administrative					
Change in fair value of contingent consideration					
Change in fair value of contingent consideration					
Change in fair value of contingent consideration					
Amortization of intangibles					
Amortization of intangibles					
Amortization of intangibles					
Total operating expenses					
Total operating expenses					
Total operating expenses					
Operating income					
Operating income					
Operating income					
Other income (expenses):					
Other income (expenses):					
Other income (expenses):					
Interest expense					
Interest expense					
Interest expense					
Interest income					
Interest income					
Interest income					
Gain (loss) on disposition of property and equipment					
Gain (loss) on disposition of property and equipment					
Gain (loss) on disposition of property and equipment					
Gain (loss) on change in fair value of interest rate swap					
Gain (loss) on change in fair value of interest rate swap					
Gain (loss) on change in fair value of interest rate swap					
Total other income (expenses)					

Total other income (expenses)
Loss on early debt extinguishment
Loss on early debt extinguishment
Loss on early debt extinguishment
(Loss) gain on change in fair value of interest rate swap
Total other income (expenses)
Income before income taxes
Income before income taxes
Income before income taxes
Income tax (benefit) provision
Income tax (benefit) provision
Income tax (benefit) provision
Net income
Net income
Income tax provision
Net income
Earnings Per Share (“EPS”)
Earnings Per Share (“EPS”)
Earnings Per Share (“EPS”)
Earnings per common share:
Earnings per common share:
Earnings per common share:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Weighted average number of shares outstanding:
Weighted average number of shares outstanding:
Weighted average number of shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted

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

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Stockholders’ Equity (Unaudited)

		Number of Shares								Number of Shares						
(in thousands, except share amounts)	*(in thousands, except share amounts)*	Common stock	Treasury stock	Common stock	Additional paid-in capital	Treasury stock, at cost	Retained earnings	Stockholders’ equity	*(in thousands, except share amounts)*	Common stock	Treasury stock	Common stock	Additional paid-in capital	Treasury stock, at cost	Retained earnings	Stockh equ
Balance at December 31, 2023																

Stock-based compensation
Shares issued related to vested restricted stock units
Tax withholding related to vested restricted stock units
Shares issued related to employee stock purchase plan
Net income
Balance at March 31, 2024
Stock-based compensation
Shares issued related to vested restricted stock units
Net income
Net income
Net income
Balance at June 30, 2024

	Number of Shares								Number of Shares							
(in thousands, except share amounts)	*(in thousands, except share amounts)*	Common stock	Treasury stock	Common stock	Additional paid-in capital	Treasury stock, at cost	Retained earnings	Stockholders' equity	*(in thousands, except share amounts)*	Common stock	Treasury stock	Common stock	Additional paid-in capital	Treasury stock, at cost	Retained earnings	Stockh equ
Balance at December 31, 2022																
Stock-based compensation																
Shares issued related to vested restricted stock units																
Tax withholding related to vested restricted stock units																

Shares issued related to employee stock purchase plan
Net income
Net income
Net income
Balance at March 31, 2023
Stock-based compensation
Shares issued related to the exercise of warrants
Net income
Net income
Net income
Balance at June 30, 2023

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

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)

		Three Months Ended March 31,			Six Months Ended June 30,	
(in thousands)	***(in thousands)***	**2024**	**2023**	***(in thousands)***	**2024**	**2023**
Cash flows from operating activities:	**Cash flows from operating activities:**			**Cash flows from operating activities:**		
Net income						
Adjustments to reconcile net income to cash provided by operating activities:						
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization						
Provision for credit losses						
Stock-based compensation expense						
Noncash operating lease expense						
Amortization of debt issuance costs						
Deferred income tax provision						
(Gain) loss on sale of property and equipment						
Loss on change in fair value of contingent consideration						
Loss on change in fair value of contingent consideration						
Loss on change in fair value of contingent consideration						
(Gain) loss on change in fair value of interest rate swap						
(Gain) loss on change in fair value of interest rate swap						
(Gain) loss on change in fair value of interest rate swap						
Loss on early debt extinguishment						
Gain on change in fair value of interest rate swap						

Changes in operating assets and liabilities:
Changes in operating assets and liabilities:
Changes in operating assets and liabilities:
Accounts receivable
Accounts receivable
Accounts receivable
Contract assets
Other current assets
Accounts payable, including retainage
Prepaid income taxes
Accrued taxes payable
Contract liabilities
Operating lease liabilities
Accrued expenses and other current liabilities
Payment of contingent consideration liability in excess of acquisition-date fair value
Other long-term liabilities
Other long-term liabilities
Other long-term liabilities
Net cash (used in) provided by operating activities
Net cash provided by operating activities
Cash flows from investing activities:
Proceeds from sale of property and equipment
Proceeds from sale of property and equipment
Proceeds from sale of property and equipment
Advances from joint ventures
Purchase of property and equipment
Net cash used in investing activities
Cash flows from financing activities:
Payments on A&R Wintrust Term Loans
Payments on A&R Wintrust Term Loans
Payments on A&R Wintrust Term Loans
Proceeds from Wintrust Revolving Loan
Payments on finance leases
Payment of contingent consideration liability up to acquisition-date fair value
Payments on finance leases
Payment of contingent consideration liability up to acquisition-date fair value
Payment of contingent consideration liability up to acquisition-date fair value
Payments on finance leases
Taxes paid related to net-share settlement of equity awards
Taxes paid related to net-share settlement of equity awards
Payments of debt issuance costs
Taxes paid related to net-share settlement of equity awards
Proceeds from contributions to Employee Stock Purchase Plan
Net cash used in financing activities
(Decrease) increase in cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash, beginning of period
Cash, cash equivalents and restricted cash, end of period
Supplemental disclosures of cash flow information
Noncash investing and financing transactions:
Noncash investing and financing transactions:
Noncash investing and financing transactions:
Right of use assets obtained in exchange for new operating lease liabilities

Right of use assets obtained in exchange for new operating lease liabilities
Right of use assets obtained in exchange for new operating lease liabilities
Right of use assets obtained in exchange for new finance lease liabilities
Right of use assets disposed or adjusted modifying finance lease liabilities
Right of use assets disposed or adjusted modifying finance lease liabilities
Right of use assets disposed or adjusted modifying finance lease liabilities
Interest paid
Cash paid for income taxes

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

LIMBACH HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

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 mechanical (heating, ventilation, air conditioning), electrical, and plumbing 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 1,300 1,200 team members in 19 offices across the eastern United States and operates primarily in the Eastern and Midwest regions of the United States.

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

Note 2 – Significant Accounting Policies

Basis of Presentation

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.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and with the requirements of Form 10-Q and Rule 8-03 of Regulation S-X for smaller reporting companies. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. Readers of this report should refer to the consolidated financial statements and the notes thereto included in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 13, 2024.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed 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 condensed 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 condensed consolidated financial statements are based change in the future, actual amounts may differ from those included in the accompanying consolidated financial statements.

Unaudited Interim Financial Information

The accompanying interim Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Stockholders' Equity and Condensed Consolidated Statements of Cash Flows for the periods presented are unaudited. Also, within the notes to the condensed consolidated financial statements, the Company has included unaudited information for these interim periods. These unaudited interim condensed consolidated financial statements have been prepared in accordance with GAAP. In the Company's opinion, the accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments necessary for a fair statement of the Company's financial position as of March 31, 2024 June 30, 2024, its results of operations and equity for the three and six months ended March 31, 2024 June 30, 2024 and 2023 and its cash flows for the three six months ended March 31, 2024 June 30, 2024 and 2023. The results for the three and six months ended March 31, 2024 June 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024.

The Condensed Consolidated Balance Sheet as of December 31, 2023 was derived from the Company's audited financial statements included in its Annual Report on Form 10-K filed with the SEC on March 13, 2024, but is presented as condensed and does not contain all of the footnote disclosures from the annual financial statements.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("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.

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 condensed 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 was 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 $0.3 million in acquisition-related expenses associated with professional fees related to the ACME Transaction during the year-ended December 31, 2023, which were included in selling, general and administrative expense in the consolidated statement 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.

(in thousands)	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.

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 was transferred into an escrow account 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 would 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 would receive a portion of the deferred payment made on a pro rata basis.

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 obtained 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 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 IA 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 first quarter of 2024.

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

(in thousands)	Purchase Price Allocation	Measurement Period Adjustments(1)	Final Purchase Price Allocation
Consideration:			
Cash	$ 11,527	$ —	$ 11,527
Earnout provision	3,165	—	3,165
Total Consideration	14,692	—	14,692
Fair value of assets acquired:			
Cash and cash equivalents	1,149	—	1,149
Accounts receivable	5,200	—	5,200
Inventory	1,290	(59)	1,231
Contract assets	220	—	220
Other current assets	993	—	993
Property and equipment	1,447	—	1,447
Operating lease right-of-use assets(2)	3,756	—	3,756
Intangible assets	8,720	—	8,720
Amount attributable to assets acquired	22,775	(59)	22,716
Fair value of liabilities assumed:			
Accounts payable, including retainage	885	—	885
Current operating lease liabilities	475	—	475
Contract liabilities	6,900	—	6,900
Accrued expenses and other current liabilities	347	—	347
Long-term operating lease liabilities	2,254	—	2,254
Amount attributable to liabilities assumed	10,861	—	10,861
Goodwill	$ 2,778	$ 59	$ 2,837

(1) Measurement period adjustments recorded during the quarter ending March 31, 2024 included adjustments to certain working capital items resulting in an increase of approximately $0.1 million to goodwill. The measurement period adjustments resulted primarily from information that existed, but was not known, as of Industrial Air's acquisition date.

(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 as of the IA Effective Date. The below-market lease will be amortized to amortization expense over the remaining lease term.

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. contracts and amounts due under retainage provisions. The components of the contract asset balances as of the respective dates were as follows:

(in thousands)	*(in thousands)*	**March 31, 2024**	**December 31, 2023**	**Change**	***(in thousands)***	**June 30, 2024**	**December 31, 2023**	**Change**
Contract assets								
Costs and estimated earnings in excess of billings on uncompleted contracts								
Costs and estimated earnings in excess of billings on uncompleted contracts								
Costs and estimated earnings in excess of billings on uncompleted contracts								
Retainage receivable								
Total contract assets								

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 condensed consolidated balance sheets was $19.3 $14.2 million and $19.5 million as of March 31, 2024 June 30, 2024 and December 31, 2023, 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 estimated earnings on uncompleted contracts and provisions for losses. The components of the contract liability balances as of the respective dates were as follows:

(in thousands)	*(in thousands)*	**March 31, 2024**	**December 31, 2023**	**Change**	***(in thousands)***	**June 30, 2024**	**December 31, 2023**	**Change**
Contract liabilities								
Billings in excess of costs and estimated earnings on uncompleted contracts								
Billings in excess of costs and estimated earnings on uncompleted contracts								
Billings in excess of costs and estimated earnings on uncompleted contracts								
Provisions for losses								
Total contract liabilities								

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 condensed 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:

(in thousands)	(in thousands)	March 31, 2024	December 31, 2023	(in thousands)	June 30, 2024	December 31, 2023
Revenue earned on uncompleted contracts						
Less: Billings to date						
Net (overbilling) underbilling						
(in thousands)						
(in thousands)						
(in thousands)		March 31, 2024	December 31, 2023	June 30, 2024		December 31, 2023
Costs and estimated earnings in excess of billings on uncompleted contracts						
Billings in excess of costs and estimated earnings on uncompleted contracts						
Net (overbilling) underbilling						

Revisions in Contract Estimates

The Company recorded revisions in its contract estimates for certain ODR and GCR projects. During the three months ended March 31, 2024 June 30, 2024, the Company recorded material gross profit write-ups on two ODR projects and two GCR projects for a total of $2.0 $1.5 million and $1.5 million, respectively, that had a net gross profit impact of $0.5 million or more. There were no During the six months ended June 30, 2024, the Company recorded material gross profit write-downs recognized during the three months ended March 31, 2024. write-ups on four ODR projects and two GCR projects for a total of $3.9 million and $1.7 million, respectively, that had a net gross profit impact of $0.5 million or more. During the three and six months ended March 31, 2023 June 30, 2023, the Company did not record any material gross profit write-ups or write-downs that had a net gross profit impact of $0.5 million or more.

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 March 31, 2024 June 30, 2024, the aggregate amount of the transaction prices allocated to the remaining performance obligations of the Company's ODR and GCR segment contracts were $139.5 million $158.5 million and $163.0 million $151.6 million, respectively. The Company currently estimates that 83% and 68% 60% of its ODR and GCR segment remaining performance obligations as of March 31, 2024 June 30, 2024, respectively, will be recognized as revenue during the remainder of 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 Intangibles

Goodwill

Goodwill was $16.4 million as of March 31, 2024 June 30, 2024 and December 31, 2023 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 assets 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.

The Company did not recognize any impairment charges on its goodwill or intangible assets during the three and six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023.

The following table summarizes the carrying amount and changes in goodwill associated with the Company's segments for the three six months ended March 31, 2024 June 30, 2024 and for the year ended December 31, 2023.

(in thousands)	(in thousands)	GCR	ODR	Total	(in thousands)	GCR	ODR	Total
Goodwill as of January 1, 2023								
Goodwill as of January 1, 2023								
Goodwill as of January 1, 2023								
Goodwill associated with the ACME Transaction(1)								
Goodwill associated with the Industrial Air Transaction								
Goodwill as of December 31, 2023								

Measurement period adjustments - Industrial Air Transaction[2]	
Goodwill as of March 31, 2024	
Goodwill as of June 30, 2024	

[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.

[2] Includes certain adjustments to preliminary estimates of fair value within the measurement period of up to one-year from the date of the Industrial Air Transaction. Measurement period adjustments related to certain working capital adjustments. See Note 3 – Acquisitions for further information.

Intangible Assets

Intangible assets are comprised of the following:

(in thousands)	***(in thousands)***	**Gross carrying amount**	**Accumulated amortization**	**Net intangible assets, excluding goodwill**	***(in thousands)***	**Gross carrying amount**	**Accumulated amortization**	**Net intangible assets, excluding goodwill**
March 31, 2024								
June 30, 2024								
Amortized intangible assets:								
Amortized intangible assets:								
Amortized intangible assets:								
Customer relationships								
Customer relationships								
Customer relationships								
Backlog								
Backlog								
Backlog								
Trade name, trademarks and intellectual property								
Trade name, trademarks and intellectual property								
Trade name, trademarks and intellectual property								
Total amortized intangible assets								
Total amortized intangible assets								
Total amortized intangible assets								
Unamortized intangible assets:								
Trade name – Limbach[1]								
Trade name – Limbach[1]								
Trade name – Limbach[1]								
Total unamortized intangible assets								
Total amortized and unamortized assets, excluding goodwill								

[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.

(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	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

Total amortization expense for the Company's definite-lived intangible assets was $1.1 $1.0 million and $0.4 $2.1 million for the three and six months ended March 31, 2024 June 30, 2024, respectively, and 2023, $0.4 million and $0.8 million for the three and six months ended June 30, 2023, respectively.

Note 6 – Debt

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

(in thousands)	*(in thousands)*	March 31, 2024	December 31, 2023	*(in thousands)*	June 30, 2024	December 31, 2023
A&R Wintrust Revolving Loans						
A&R Wintrust Revolving Loans						
A&R Wintrust Revolving Loans						
Finance leases – collateralized by vehicles, payable in monthly installments of principal, plus interest ranging from 3.96% to 8.60% through 2031						
Financing liability						
Total debt						
Less - Current portion of long-term debt						
Less - Unamortized discount and debt issuance costs						
Long-term debt						

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.

In conjunction with the Company's acquisitions of JMLLC and CSLLC (the “Jake Marshall Transaction”), the Company entered into an amendment and restatement 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 (as defined in Note 8**)** under the Jake Marshall Transaction, and (iv) make other corresponding changes to the A&R Credit Agreement.

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 makes 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 the 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 condensed consolidated statements of operations as a gain or loss on interest rate swap. Refer to Note 8 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 7).

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, the interest rate in effect on the non-hedged portion of the A&R Wintrust Term Loan was 9.25%. For the period from April 1, 2023 through May 5, 2023 and 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 9.00% and 8.76%, respectively.

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.

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).

As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company had $10.0 million in borrowings outstanding under the Second A&R Wintrust Revolving Loan. During the three and six months ended March 31, 2024 June 30, 2024, the maximum outstanding borrowings under the Second A&R Wintrust Revolving Loan at any time was $10.0 million and the average daily balance was $10.0 million. For the three and six months ended March 31, 2024 June 30, 2024, the Company incurred interest on the Second A&R Wintrust Revolving Loan at a weighted average annual interest rate of 5.72%, for both periods, inclusive of the net impact associated with the Company's interest rate swap

arrangement. During the three and six months ended March 31, 2023 June 30, 2023, the maximum outstanding borrowings under either the Company's revolving loan arrangements at any time was $10.0 million during both periods and the average daily balance was approximately $6.3 million and $3.1 million, respectively. For the three and six months ended

June 30, 2023, the Company had no borrowings against incurred interest on the Second A&R Wintrust Revolving Loan. Loan at a weighted average annual interest rate of 5.72% for both periods, inclusive of the net impact associated with the Company's interest rate swap arrangement.

At March 31, 2024 June 30, 2024, the Company had irrevocable letters of credit in the amount of $5.2 $4.3 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 Second A&R Wintrust Revolving Loan credit commitment:

Level	Senior Leverage Ratio	Applicable Margin for SOFR Revolver loans	Applicable Margin for 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 March 31, 2024 June 30, 2024, 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 five 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 March 31, June 30, 2024, the financing liability was $5.0 million, net of issuance costs, which was recognized within long-term debt on the Company's condensed consolidated balance sheets. For each of the three and six months ended March 31, 2024 and 2023, June 30, 2024, approximately $0.1 million and $0.3 million of interest expense associated with the financing was recognized. recognized, respectively. For the three and six months ended June 30, 2023, $0.1 million and $0.2 million of interest expense associated with the financing was recognized, respectively.

Note 7 – 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 warrants exercisable for one share of common stock at an exercise price of $15.00 per share (“$15 Exercise Price Sponsor Warrants”) and 606,476 warrants exercisable for one share of common stock at an exercise price of $12.50

per share (“Merger Warrants”) 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.

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 14 for a discussion of the Company's management incentive plans for restricted stock units (“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 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 share of the Company's common share stock 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 1 and July 1 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. In January 2024, the Company issued 2,989 shares of its common stock to participants in the ESPP who contributed to the plan during the offering period ending December 31, 2023. In January 2023, the Company issued a total of 10,997 shares of its common stock to participants in the ESPP who contributed to the plan during the offering period ending December 31, 2022. As of March 31, 2024 June 30, 2024, 385,967 shares remain available for future issuance under the ESPP.

Note 8 – 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.

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 March 31, 2024 June 30, 2024 and 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. For the three and six months ending March 31, 2024 June 30, 2024, the Company recognized interest income in the aggregate of approximately $0.6 $0.5 million and $1.1 million, respectively, associated with its overnight repurchase agreements, U.S. Treasury Bills and money market funds. No For both the three and six months ending June 30, 2023, the Company recognized interest income was recognized during in the three months ended March 31, 2023. aggregate of approximately $0.2 million. 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)	March 31, 2024	Fair Value at Reporting Date Using Level 1	Level 2	Level 3
Cash equivalents:				
Overnight repurchase agreements	$ 35,337	$ 35,337	$ —	$ —
U.S. Treasury Bills	10,000	10,000	—	—
Money market fund	3,750	3,750	—	—
Total	$ 49,087	$ 49,087	$ —	$ —
	December 31, 2023	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	$ —	$ —

(in thousands)	June 30, 2024	Fair Value at Reporting Date Using Level 1	Level 2	Level 3
Cash equivalents:				
Overnight repurchase agreements	$ 43,885	$ 43,885	$ —	$ —
U.S. Treasury Bills	10,000	10,000	—	—
Money market fund	3,750	3,750	—	—
Total	$ 57,635	$ 57,635	$ —	$ —
	December 31, 2023	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 March 31, 2024 June 30, 2024, 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 were eligible to 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 was 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 was to 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 and 2024, the Company made two separate payments in the amount of $3.0 million to the former owners of JMLLC and CSLLC related to the 2022 Jake Marshall Earnout Period and the 2023 Jake Marshall Earnout Period, respectively.

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 ACME 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 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.

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 $0.6 $1.1 million and $0.1 $1.7 million for the three and six months ended March 31, 2024 and 2023, June 30, 2024, respectively, which was presented in the change in fair value of contingent consideration in the Company's condensed consolidated statements of operations. For the three and six months ended June 30, 2023, the Company recorded a net increase in the estimated fair value of such liabilities of $0.2 million and $0.3 million, respectively. 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 March 31, 2024 June 30, 2024 and December 31, 2023.

	Fair Value at Reporting Date Using
(in thousands)	
(in thousands)	
(in thousands)	
Accrued expenses and other current liabilities:	
Accrued expenses and other current liabilities:	
Accrued expenses and other current liabilities:	
2023 Jake Marshall Earnout Period(1)	
2023 Jake Marshall Earnout Period(1)	
2023 Jake Marshall Earnout Period(1)	
First ACME Earnout Period	
First ACME Earnout Period	
First ACME Earnout Period	
First IA Earnout Period	
First IA Earnout Period	
First IA Earnout Period	
Other long-term liabilities:	
Other long-term liabilities:	
Other long-term liabilities:	
Second ACME Earnout Period	
Second ACME Earnout Period	
Second ACME Earnout Period	
Second IA Earnout Period	
Second IA Earnout Period	
Second IA Earnout Period	
Total	
Total	
Total	

Fair Value at Reporting Date Using
Fair Value at Reporting Date Using
Fair Value at Reporting Date Using

December 31, 2023
December 31, 2023
December 31, 2023

Accrued expenses and other current liabilities:
Accrued expenses and other current liabilities:
Accrued expenses and other current liabilities:

2023 Jake Marshall Earnout Period
2023 Jake Marshall Earnout Period
2023 Jake Marshall Earnout Period

2023 Jake Marshall Earnout Period(1)
2023 Jake Marshall Earnout Period(1)
2023 Jake Marshall Earnout Period(1)

First ACME Earnout Period
First ACME Earnout Period
First ACME Earnout Period

First IA Earnout Period
First IA Earnout Period
First IA Earnout Period

Other long-term liabilities:
Other long-term liabilities:
Other long-term liabilities:

Second ACME Earnout Period
Second ACME Earnout Period
Second ACME Earnout Period

Second IA Earnout Period
Second IA Earnout Period
Second IA Earnout Period

Total
Total
Total

(1) In April 2024, the Company made a $3.0 million payment to the former owners of JMLLC and CSLLC related to the 2023 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 March 31, 2024 June 30, 2024, the Company determined that the fair value of the interest rate swap was approximately $0.3 million and is recognized in other assets on the Company's condensed consolidated balance sheets. For the three and six months ended March 31, 2024 June 30, 2024, the Company recognized a loss of less than $0.1 million and a gain of approximately $0.1 million, respectively, on its condensed consolidated statements of operations associated with the change in fair value of the interest rate swap arrangement. For the three and six months ended March 31, 2023,

June 30, 2023, the Company recognized a loss gain of approximately $0.2 million and less than $0.1 million, respectively, on its condensed consolidated statements of operations associated with the change in fair value of the interest rate swap arrangement.

Note 9 – Earnings per Share

Earnings per Share

The Company calculates earnings per share in accordance with ASC Topic 260 - *Earnings Per Share (“EPS”)*. Basic earnings per share of the Company's common share stock applicable to common stockholders is computed by dividing earnings applicable to common stockholders by the weighted-average number of shares of the Company's common shares stock 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 and 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 stockholders for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

		Three Months Ended March 31, **Three Months Ended March 31,** **Three Months Ended March 31,**			
		Three Months Ended June 30,		**Six Months Ended June 30,**	
(in thousands, except per share amounts)	***(in thousands, except per share amounts)***	**2024**	**2023**	**2024**	**2023**
(in thousands, except per share amounts)					
(in thousands, except per share amounts)					
EPS numerator:					
EPS numerator:					
EPS numerator:					
Net income					
Net income					
Net income					
EPS denominator:					
EPS denominator:					
EPS denominator:					
Weighted average shares outstanding – basic					
Weighted average shares outstanding – basic					
Weighted average shares outstanding – basic					
Impact of dilutive securities					
Impact of dilutive securities					
Impact of dilutive securities					
Weighted average shares outstanding – diluted					
Weighted average shares outstanding – diluted					
Weighted average shares outstanding – diluted					
EPS:					
EPS:					
EPS:					
Basic					
Basic					
Basic					
Diluted					
Diluted					
Diluted					

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 share of the Company's common share: stock:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2024	**2023**	**2024**	**2023**
Service-based RSUs (See Note 14)				

Service-based RSUs (See Note 14)
Out-of-the-money warrants (see Note 7)
Out-of-the-money warrants (see Note 7)
Out-of-the-money warrants (see Note 7)
Performance based RSUs
Performance based RSUs
Service-based RSUs (See Note 14)
Performance based RSUs
Employee Stock Purchase Plan
Employee Stock Purchase Plan
Employee Stock Purchase Plan
Total
Total
Total

Note 10 – Income Taxes

The Company is taxed as a C corporation.

For interim periods, the provision for income taxes (including federal, state, local and foreign taxes) is calculated based on the estimated annual effective tax rate, adjusted for certain discrete items for the full fiscal year. Cumulative adjustments to the Company's estimate are recorded in the interim period in which a change in the estimated annual effective rate is determined.

Each quarter the Company updates its estimate of the annual effective tax rate, and if its estimated tax rate changes, the Company makes a cumulative adjustment.

The following table presents our income tax (benefit) provision and our income tax rate for the three and six months ended March 31, 2024 June 30, 2024 and 2023.

		Three Months Ended March 31,				
		Three Months Ended March 31,				
		Three Months Ended March 31,				
		Three Months Ended June 30,		Six Months Ended June 30,		
(in thousands, except percentages)	*(in thousands, except percentages)*	2024	2023	2024	2023	
(in thousands, except percentages)						
(in thousands, except percentages)						
Income tax (benefit) provision						
Income tax (benefit) provision						
Income tax (benefit) provision						
Income tax provision						
Income tax rate	Income tax rate	28.7 %	27.6 %	13.2 %	24.2 %	
Income tax rate						
Income tax rate						

The U.S. federal statutory tax rate was 21% for each of the three and six months ended March 31, 2024 June 30, 2024 and 2023. The difference between the U.S. federal statutory tax rate and the Company's effective tax rate period over period period-over-period was primarily due to state income taxes, tax credits, other permanent adjustments and discrete tax items. In particular, the Company's effective rate for the quarters six months ended March 31, 2024 June 30, 2024 and 2023 are were materially impacted by "excess tax benefits on stock-based compensation" recognized discretely during the quarter. first quarter of each year. This benefit reduced the effective tax rate by 35.1% and 10.2% for the three months ended March 31, 2024 and 2023 respectively, with the impact varying in prior years. The increase in the 2024 effective rate

reduction is primarily related to the higher stock price of the Company resulting in increased tax deductions for the Company upon vesting. vesting of its equity incentive awards.

No valuation allowance was required as of March 31, 2024 June 30, 2024 or December 31, 2023.

Note 11 – Operating Segments

As discussed in Note 1, the Company operates in two segments, (i) 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, and (ii) 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. 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 ODR work performed at branches into one ODR reportable segment and all of the GCR work performed at branches into one GCR reportable segment. All transactions between segments are eliminated in consolidation.

All of the Company's identifiable assets are located in the United States, which is where the Company is domiciled.

Condensed consolidated segment information for the three and six months ended March 31, 2024 June 30, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Statement of Operations Data:		
Revenue:		
ODR	$ 74,256	$ 58,718
GCR	44,720	62,291
Total revenue	118,976	121,009
Gross profit:		
ODR	22,161	15,909
GCR	8,927	10,318
Total gross profit	31,088	26,227
Selling, general and administrative(1)	22,876	21,050
Change in fair value of contingent consideration	623	141
Amortization of intangibles	1,057	383
Operating income	$ 6,532	$ 4,653
Interest expense	(475)	(667)
Interest income	562	—
Gain (loss) on disposition of property and equipment	491	(215)
Gain (loss) on change in fair value of interest rate swap	149	(156)
Total unallocated amounts	727	(1,038)
Income before income taxes	$ 7,259	$ 3,615

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Statement of Operations Data:				
Revenue:				
ODR	$ 82,754	$ 58,780	$ 157,010	$ 117,498
GCR	39,481	66,102	84,201	128,393
Total revenue	122,235	124,882	241,211	245,891
Gross profit:				
ODR	25,362	17,241	47,523	33,150
GCR	8,146	11,272	17,073	21,590

Total gross profit	33,508	28,513	64,596	54,740
Selling, general and administrative(1)	23,176	20,416	46,052	41,466
Change in fair value of contingent consideration	1,111	162	1,734	303
Amortization of intangibles	1,031	383	2,088	766
Operating income	$ 8,190	$ 7,552	$ 14,722	$ 12,205
Interest expense	(432)	(511)	(907)	(1,178)
Interest income	546	247	1,108	247
Gain (loss) on disposition of property and equipment	66	175	557	(40)
Loss on early debt extinguishment	—	(311)	0	(311)
(Loss) gain on change in fair value of interest rate swap	(12)	193	137	37
Total unallocated amounts	168	(207)	895	(1,245)
Income before income taxes	$ 8,358	$ 7,345	$ 15,617	$ 10,960

(1) Included within selling, general and administrative expenses was $1.2 $1.5 million and $1.1 million of stock based stock-based compensation expense for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and $2.7 million and $2.2 million for the six months ended June 30, 2024 and 2023, 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.

Note 12 - 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 condensed 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 10 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 are 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 twelve-month period ending December 31, 2024. Fixed rent payments for the extension term shall be are 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 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 March 31, 2024 June 30, 2024, 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 both the three and six months ended March 31, 2024 June 30, 2024 and 2023, the Company recorded approximately $0.3 million and $0.6 million, respectively, of income in selling, general and administrative expenses related to this sublease agreement.

The following table summarizes the lease amounts included in the Company's condensed consolidated balance sheets:

(in thousands)	**Classification on the Condensed Consolidated Balance Sheets**		**March 31, 2024**		**December 31, 2023**
Assets					
Operating	Operating lease right-of-use assets(1)(2)	$	20,749	$	19,727
Finance	Property and equipment, net(3)(4)		9,170		9,561
Total lease assets		$	29,919	$	29,288
Liabilities					
Current					
Operating	Current operating lease liabilities	$	3,678	$	3,627
Finance	Current portion of long-term debt		2,532		2,680
Noncurrent					
Operating	Long-term operating lease liabilities		17,109		16,037
Finance	Long-term debt(5)		9,736		10,018
Total lease liabilities		$	33,055	$	32,362

(in thousands)	**Classification on the Condensed Consolidated Balance Sheets**		**June 30, 2024**		**December 31, 2023**
Assets					
Operating	Operating lease right-of-use assets(1)(2)	$	20,780	$	19,727
Finance	Property and equipment, net(3)(4)		9,436		9,561
Total lease assets		$	30,216	$	29,288
Liabilities					
Current					
Operating	Current operating lease liabilities	$	3,824	$	3,627
Finance	Current portion of long-term debt		2,531		2,680
Noncurrent					
Operating	Long-term operating lease liabilities		17,080		16,037
Finance	Long-term debt(5)		10,038		10,018
Total lease liabilities		$	33,473	$	32,362

(1) Operating lease assets are recorded net of accumulated amortization of $14.8 million $12.0 million at March 31, 2024 June 30, 2024 and $13.6 million at December 31, 2023.

(2) Includes approximately $1.0 million at both March 31, 2024 June 30, 2024 and December 31, 2023 related to a below-market lease recognized as a result of the Industrial Air Transaction, which was recorded as an increase to the Company's operating lease right-of-use assets on its condensed consolidated balance sheet. The below-market lease will be amortized to amortization expense over the remaining lease term.

(3) Finance lease vehicle assets are recorded net of accumulated amortization of $4.9 million $5.5 million at March 31, 2024 June 30, 2024 and $4.5 million at December 31, 2023.

(4) Includes approximately $2.5 million and $2.4 million of net property assets associated with the Company's Pontiac Facility as of March 31, 2024 at both June 30, 2024 and December 31, 2023, respectively.

(5) Includes approximately $5.4 million associated with the Company's sale and leaseback financing transaction. transaction at both June 30, 2024 and December 31, 2023. See Note 6 for further detail.

The following table summarizes the lease costs included in the Company's condensed consolidated statements of operations for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

			Three Months Ended March 31,			
			Three Months Ended March 31,			
			Three Months Ended March 31,			
(in thousands)						
(in thousands)						
			Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	*(in thousands)*	Classification on the Condensed Consolidated Statement of Operations	2024	2023	2024	2023
Operating lease cost						
Operating lease cost						
Operating lease cost						
Operating lease cost						
Operating lease cost						
Operating lease cost						
Finance lease cost						
Finance lease cost						
Finance lease cost						
Amortization						
Amortization						
Amortization						
Interest						
Interest						
Interest						
Total lease cost						
Total lease cost						
Total lease cost						

(1) Operating lease costs recorded in cost of revenue included $0.1 million of variable lease costs for both the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. and $0.2 million for each of the six months ended June 30, 2024 and 2023. In addition, $0.1 million of variable lease costs are included in selling, general and administrative for both the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. and $0.2 million for each of the six months ended June 30, 2024 and 2023. 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 include variable lease costs of $1.0 million and $0.9 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and $2.0 million and $1.8 million for the six months ended June 30, 2024 and 2023, respectively. These variable lease costs consist of fuel, maintenance, and sales tax charges.

The future undiscounted minimum finance lease payments, as reconciled to the discounted minimum lease obligation indicated on the Company's condensed consolidated balance sheets within current and long-term debt, less interest, and under current and long-term operating leases, less imputed interest, as of March 31, 2024 June 30, 2024 were as follows (in thousands):

Finance Lease Obligations

Year ending:

Year ending:

Year ending:	**Vehicles**	**Pontiac Facility**	**Total Finance**	**Non-Related Party**	**Related Party(1)**	**Total Operating**	**Sublease Receipts(2)**	**Vehicles**	**Pontiac Facility**	**Total Finance**	**Non-Related Party**	**Related Party(1)**	**Total Operating**	**Sublease Receipts(2)**
Remainder of 2024														
2025														
2026														
2027														
2028														
Thereafter														
Total minimum lease payments														
Financing Component (3)														
Net present value of minimum lease payments														
Net present value of minimum lease payments														
Net present value of minimum lease payments														
Less: current portion of finance and operating lease obligations														
Less: current portion of finance and operating lease obligations														
Less: current portion of finance and operating lease obligations														
Long-term finance and operating lease obligations														
Long-term finance and operating lease obligations														
Long-term finance and operating lease obligations														

(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:

		March 31, 2024	**December 31, 2023**			
					June 30, 2024	**December 31, 2023**
Weighted average lease term (in years):						
Operating						
Operating						
Operating		6.46	6.54		6.00	6.54
Finance (1)	Finance (1)	3.05	3.10	Finance (1)	3.00	3.10

Weighted average discount rate:									
Weighted average discount rate:									
Weighted average discount rate:									
Operating									
Operating									
Operating		5.61 %		6.74 %		5.74 %		6.74 %	
Finance (1)	Finance (1)	6.75 %		5.33 %	Finance (1)	6.64 %		5.33 %	

(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 6 for further detail.

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

		Three months ended March 31,			Six months ended June 30,	
(in thousands)	*(in thousands)*	2024	2023	*(in thousands)*	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows from operating leases						
Operating cash flows from operating leases						
Operating cash flows from operating leases						
Operating cash flows from finance leases						
Financing cash flows from finance leases						
Right-of-use assets exchanged for lease liabilities:						
Operating leases						
Operating leases						
Operating leases						
Finance leases						
Right-of-use assets disposed or adjusted modifying finance leases liabilities						
Right-of-use assets disposed or adjusted modifying finance leases liabilities						
Right-of-use assets disposed or adjusted modifying finance leases liabilities						

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 condensed 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.

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 the Company's 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 March 31, 2024 June 30, 2024, the Company had approximately $90.0 million $79.2 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 March 31, 2024 June 30, 2024 and December 31, 2023 are as follows:

(in thousands)	*(in thousands)*	March 31, 2024	December 31, 2023	*(in thousands)*	June 30, 2024	December 31, 2023
Current liability — workers' compensation and general liability						
Current liability — medical and dental						
Non-current liability						
Total liability						
Restricted cash						

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 – 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 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, over 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 both the three months ended March 31, 2024 June 30, 2024 and 2023, the Company recognized $0.5 million $0.6 million and $0.3 million, respectively, of stock-based compensation expense related to outstanding service-based RSUs. For the six months ended June 30, 2024 and 2023, the Company recognized $1.1 million and $0.7 million, respectively, of stock-based compensation expense related to outstanding service-based RSUs.

The following table summarizes the Company's service-based RSU activity for the three six months ended March 31, 2024 June 30, 2024:

	Awards	Weighted-Average Grant Date Fair Value	Awards	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2023				
Granted				
Vested				
Forfeited				
Unvested at March 31, 2024				
Unvested at June 30, 2024				

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 and EBITDA margin performance goals generally over a three year 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 both the three months ended March 31, 2024 June 30, 2024 and 2023, the Company recognized $0.7 million $0.9 million and $0.8 million, respectively, of stock-based compensation expense related to outstanding PRSUs. For the six months ended June 30, 2024 and 2023, the Company recognized $1.6 million and $1.5 million, respectively, of stock-based compensation expense related to outstanding PRSUs.

The following table summarizes the Company's PRSU activity for the three six months ended March 31, 2024 June 30, 2024:

	Awards	Weighted-Average Grant Date Fair Value	Awards	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2023				
Granted				
Performance factor adjustment(1)				
Vested				
Forfeited				
Unvested at March 31, 2024				
Unvested at June 30, 2024				

(1) Performance-based awards covering the three year three-year period ended December 31, 2023 were paid out in the first quarter of 2024 based on the approval of the Company's Compensation Committee. The performance factor during the measurement period used to determine compensation payouts was 134.3% of the pre-defined metric target of 100%, which resulted in a positive performance factor adjustment and the issuance of 54,067 shares of the Company's common stock as additional awards associated with the original grant.

Stock-Based Compensation Expense

Total recognized stock-based compensation expense amounted to $1.2 million $1.5 million and $1.1 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024 and 2023, the Company recognized stock-based compensation expense of $2.7 million and $2.2 million, respectively. The aggregate fair value as of the vest date of RSUs that vested during the three six months ended March 31, 2024 June 30, 2024 and 2023 was $16.8 million $16.9 million and $3.3 $3.4 million, respectively. Total unrecognized stock-based compensation expense related to unvested RSUs which that are probable of vesting was $8.3 million $8.2 million at March 31, 2024 June 30, 2024. These costs are expected to be recognized over a weighted average period of 2.05 1.91 years.

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

The following discussion should be read in conjunction with the condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. 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 our management’s expectations. See “Cautionary Note Regarding Forward Looking Statements” contained above in this Quarterly Report on Form 10-Q. The Company assumes no obligation to update any of these forward-looking statements, unless required to do so by applicable law.

Unless the context otherwise requires, a reference to a “Note” herein refers to the accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) contained in Part I, "Item 1. Financial Statements."

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 1,300 1,200 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) 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, and (ii) 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.

Key Components of Condensed 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 8 – Fair Value Measurements in the accompanying notes to the Company's condensed 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 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, gains or losses associated with the disposition of property and equipment, changes in fair value of interest rate swaps, 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 cash 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.

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 12 – Leases in the accompanying notes to the Company's condensed 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 ODR and ODR. GCR. These segments are reflective of how the Company's 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 of the ODR work performed at branches into one ODR reportable segment and all of the GCR work performed at branches into one GCR reportable segment. All transactions between segments are eliminated in consolidation.

Comparison of Results of Operations for the three months ended March 31, 2024 June 30, 2024 and 2023

The following table presents operating results for the three months ended March 31, 2024 June 30, 2024 and 2023 in dollars and expressed as a percentage of total revenue (except as indicated below), as compared below:

(in thousands except for percentages)
(in thousands except for percentages)
(in thousands except for percentages)
Statement of Operations Data:
Statement of Operations Data:
Statement of Operations Data:
Revenue:
Revenue:
Revenue:
ODR
ODR
ODR
GCR
GCR
GCR
Total revenue
Total revenue

Total revenue																
Gross profit:																
Gross profit:																
Gross profit:																
ODR																
ODR																
ODR		22,161	29.8	29.8 % [(1)]	15,909	27.1	27.1 % [(1)]		25,362	30.6	30.6	% [(1)]	17,241	29.3	29.3	% [(1)]
GCR	GCR	8,927	20.0	20.0 % [(2)]	10,318	16.6	16.6 % [(2)]	GCR	8,146	20.6	20.6	% [(2)]	11,272	17.1	17.1	% [(2)]
Total gross profit																
Selling, general and administrative(3)																
Selling, general and administrative(3)																
Selling, general and administrative(3)																
Change in fair value of contingent consideration																
Change in fair value of contingent consideration																
Change in fair value of contingent consideration																
Amortization of intangibles																
Amortization of intangibles																
Amortization of intangibles																
Total operating income																
Total operating income																
Total operating income																
Other income (expenses)																
Other income (expenses)																
Other income (expenses)																
Total consolidated income before income taxes																
Total consolidated income before income taxes																
Total consolidated income before income taxes																
Income tax (benefit) provision																
Income tax (benefit) provision																
Income tax (benefit) provision																
Total income before income taxes																
Total income before income taxes																
Total income before income taxes																
Income tax provision																
Income tax provision																
Income tax provision																
Net income																
Net income																
Net income																

(1) As a percentage of ODR revenue.

(2) As a percentage of GCR revenue.

(3) Included within selling, general and administrative expenses was $1.2 $1.5 million and $1.1 million of stock based stock-based compensation expense for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

Revenue

Three Months Ended March 31,	Three Months Ended June 30,

		2024		2023		Increase/(Decrease)					2024		2023		Increase/(Decreas
(in thousands except for percentages)															
Revenue:															
Revenue:															
Revenue:															
ODR	ODR	$ 74,256	$	$ 58,718	$	$15,538	26.5	26.5	%	ODR	$ 82,754	$	$ 58,780	$	$23,974
GCR	GCR	44,720	62,291	62,291	(17,571)	(17,571)	(28.2)	(28.2)	%	GCR	39,481	66,102	66,102	(26,621)	(2
Total revenue	Total revenue	$118,976	$	$121,009	$	$ (2,033)	(1.7)	(1.7)	%	Total revenue	$122,235	$	$124,882	$	$ (2,647)

Revenue for the three months ended March 31, 2024 June 30, 2024 decreased by $2.0 million $2.6 million compared to the three months ended March 31, 2023 June 30, 2023. ODR revenue increased by $15.5 million $24.0 million, or 26.5% 40.8%, while GCR revenue decreased by $17.6 million $26.6 million, or 28.2% 40.3%. The increase in period over period period-over-period ODR segment revenue was primarily due to the Company's continued focus on the accelerated growth of its ODR business and as a result of the ACME and Industrial Air transactions. These entities were not acquired entities of the Company for the three months ended March 31, 2023 June 30, 2023. The decrease in period-over-period GCR segment revenue was primarily due to the Company's continued focus on the execution of its mix-shift strategy to ODR.

Gross Profit

		Three Months Ended March 31,									Three Months Ended June 30,					
		2024		2023		Increase/(Decrease)					2024		2023		Increase/(Decrease)	
(in thousands except for percentages)																
Gross profit:																
Gross profit:																
Gross profit:																
ODR	ODR	$22,161	$	$15,909	$	$6,252	39.3	39.3	%	ODR	$25,362	$	$17,241	$	$8,121	47.1
GCR	GCR	8,927	10,318	10,318	(1,391)	(1,391)	(13.5)	(13.5)	%	GCR	8,146	11,272	11,272	(3,126)	(3,126)	(27
Total gross profit	Total gross profit	$31,088	$	$26,227	$	$4,861	18.5	18.5	%	Total gross profit	$33,508	$	$28,513	$	$4,995	17.5
Total gross profit as a percentage of consolidated total revenue																
Total gross profit as a percentage of consolidated total revenue																
Total gross profit as a percentage of consolidated total revenue		26.1 %		21.7 %												
Total gross profit as a percentage of total revenue																
Total gross profit as a percentage of total revenue																

Total gross profit as a percentage of total revenue	27.4 %	22.8 %

The Company's gross profit for the three months ended March 31, 2024 June 30, 2024 increased by $4.9 million $5.0 million compared to the three months ended March 31, 2023 June 30, 2023. ODR gross profit increased $6.3 million $8.1 million, or 39.3% 47.1%, due to the combination of an increase in revenue and higher margins driven by contract mix. GCR gross profit decreased $1.4 million $3.1 million, or 13.5% 27.7%, primarily due to lower revenue despite higher margins on project work period over period. period-over-period. The total gross profit percentage increased from 21.7% 22.8% for the three months ended March 31, 2023 June 30, 2023 to 26.1% 27.4% for the same period ended in 2024, mainly driven by the mix of higher margin ODR segment work, the Company becoming more selective when pursuing GCR work, and as a result of the ACME and Industrial Air transactions. These entities were not acquired entities of the Company for the three months ended March 31, 2023 June 30, 2023.

The Company recorded revisions in its contract estimates for certain ODR and GCR projects. During the three months ended March 31, 2024 June 30, 2024, the Company recorded material gross profit write-ups on two ODR projects and two GCR projects for a total of $2.0 $1.5 million and $1.5 million, respectively, that had a net gross profit impact of $0.5 million or more. There were no material gross profit write-downs recognized during the three months ended March 31, 2024. During the three months ended March 31, 2023 June 30, 2023, the Company did not record any material gross profit write-ups or write-downs that had a net gross profit impact of $0.5 million or more.

Selling, General and Administrative

	Three Months Ended March 31,				Three Months Ended June 30,			
	2024	2023	Increase/(Decrease)		2024	2023	Increase/(Decrease)	
(in thousands except for percentages)								
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative	$22,876	$ $21,050	$ $ 1,826	8.7 8.7 %	$23,176	$ $ 20,416	$ $ 2,760	13.5 13.5 %
Total selling, general and administrative as a percentage of consolidated total revenue								
Total selling, general and administrative as a percentage of consolidated total revenue								
Total selling, general and administrative as a percentage of consolidated total revenue	19.2 %	17.4 %						
Total selling, general and administrative as a percentage of total revenue								
Total selling, general and administrative as a percentage of total revenue								
Total selling, general and administrative as a percentage of total revenue	19.0 %	16.3 %						

The Company's SG&A expense for the three months ended March 31, 2024 June 30, 2024 increased by approximately $1.8 million $2.8 million compared to the three months ended March 31, 2023 June 30, 2023. The increase in SG&A expense was primarily due to approximately $1.1 million $1.5 million of collective SG&A related expenses incurred within the ACME and Industrial Air entities during the three months ended March 31, 2024 June 30, 2024 that were not acquired entities of the Company during the three months ended March 31, 2023 June 30, 2023.The Company's SG&A expense for the three months ended March 31, 2024 June 30, 2024 also increased due to a $1.7 million increase in payroll related expenses, a $0.4 million increase in professional fees, stock-based compensation expenses and a $0.3 million $0.2 million increase in travel and entertainment expenses and expenses. Partly offsetting the increase in SG&A expense was a $0.2 million increase associated with payroll $0.6 million decrease related expenses. to professional services fees. As a result of these factors, SG&A expense as a percentage of revenue increased to 19.2% 19.0% for the three months ended March 31, 2024 June 30, 2024 as compared to 17.4% 16.3% for the three months ended March 31, 2023 June 30, 2023.

Change in Fair Value of Contingent Consideration

The change in fair value of the Earnout Payments contingent consideration was a $0.6 million $1.1 million and a $0.1 million $0.2 million loss for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. These increases to the contingent liability were primarily attributable to the timing component and probability of meeting the gross profit margins associated with the contingent consideration arrangements as of March 31, 2024 June 30, 2024 and 2023.

See Note 8 – Fair Value Measurements in the accompanying notes to the Company's condensed consolidated financial statements for further information on the Company's earnout arrangements.

Amortization of Intangibles

	Three Months Ended March 31,			Three Months Ended June 30,		
	2024	2023	Increase/(Decrease)	2024	2023	Increase/(Decrease)
(in thousands except for percentages)						
Amortization of intangibles (Corporate)						

Amortization of intangibles (Corporate)					
Amortization of intangibles (Corporate)	$ 1,057	$ 383	$ 674	176.0	%
Amortization of intangibles					
Amortization of intangibles					
Amortization of intangibles	$ 1,031	$ 383	$ 648	169.2	%

Total amortization expense for the three months ended March 31, 2024 June 30, 2024 and 2023 was $1.1 million $1.0 million and $0.4 million, respectively. As a result of the ACME and Industrial Air transactions, the Company acquired certain intangible assets in which it recognized approximately $0.8 million of amortization expense for the three months ended March 31, 2024 June 30, 2024. See Note 5 - Goodwill and Intangible Assets for further information on the Company's intangible assets.

Other Expenses

(in thousands except for percentages)	Three Months Ended March 31, 2024	2023	Change			Three Months Ended June 30,	2024		2023		Chan
Other income (expenses):											
Other income (expenses):											
Other income (expenses):											
Interest expense	Interest expense $(475) $	$ (667) $	$ 192	(28.8)	(28.8) %	Interest expense	$(432)	$	$(511)	$	$79
Interest income	Interest income 562 —	— 562	562	100.0	100.0 %	Interest income	546	247	247	299	
Gain (loss) on disposition of property and equipment	491	(215)	706	(328.4)	%						
Gain (loss) on change in fair value of interest rate swap	149	(156)	305	(195.5)	%						
Gain on disposition of property and equipment	66	175	(109)	(62.3)	%						
(Loss) gain on change in fair value of interest rate swap	(12)	193	(205)	(106.2)	%						
Loss on early debt extinguishment											
Loss on early debt extinguishment											
Loss on early debt extinguishment	—	(311)	311	(100.0)	%						
Total other income (expenses)											
Total other income (expenses)											
Total other income (expenses)	$ 727 $	$(1,038) $	$1,765	170.0	170.0 %		$ 168	$	$ (207)	$	$375 18

Total other income for the three months ended March 31, 2024 June 30, 2024 was $0.7 million $0.2 million as compared to total other expenses of $1.0 million $0.2 million for the three months ended March 31, 2023 June 30, 2023. The increase in total other income (expenses) change period-over-period was primarily driven by a $0.6 million $0.3 million increase in interest income related to the Company's overnight repurchase agreements, investments in U.S. Treasury Bills and money market funds. funds and a $0.3 million loss on early debt extinguishment recognized during 2023. Interest expense for the three months ended March 31, 2024 and 2023 June 30, 2024 decreased by $0.2 million $0.1 million, which was primarily driven by interest expense on the result of lower overall outstanding debt balance period-over-period. Company's former A&R Wintrust Term Loan which was extinguished in May 2023. In addition, during the three months ended March 31, 2024, the Company recognized a gain of $0.5 million related to the sale of certain property and equipment compared to a $0.2 million loss recognized in 2023. period-over-period associated with its interest rate swap arrangement.

Income Taxes

The Company recorded an income tax benefit provision of $0.3 million $2.4 million for the three months ended March 31, 2024 June 30, 2024 compared to an income tax provision of $0.6 million $2.0 million for the three months ended March 31, 2023 June 30, 2023. The effective tax rate was (4.5)% 28.7% and 17.2% 27.6% for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. The difference between the U.S. federal statutory tax rate and the Company's effective tax rate period-over-period was primarily due to state income taxes, tax credits, other permanent adjustments and discrete tax items.

Comparison of Results of Operations for the six months ended June 30, 2024 and 2023

The following table presents operating results for the six months ended June 30, 2024 and 2023 in dollars and expressed as a percentage of total revenue (except as indicated below), as compared below:

	Six Months Ended June 30,			
	2024		2023	
(in thousands except for percentages)				
Statement of Operations Data:				
Revenue:				
ODR	$ 157,010	65.1 %	$ 117,498	47.8 %
GCR	84,201	34.9 %	128,393	52.2 %
Total revenue	241,211	100.0 %	245,891	100.0 %
Gross profit:				
ODR	47,523	30.3 % [1]	33,150	28.2 % [1]
GCR	17,073	20.3 % [2]	21,590	16.8 % [2]
Total gross profit	64,596	26.8 %	54,740	22.3 %
Selling, general and administrative[3]	46,052	19.1 %	41,466	16.9 %
Change in fair value of contingent consideration	1,734	0.7 %	303	0.1 %
Amortization of intangibles	2,088	0.9 %	766	0.3 %
Total operating income	14,722	6.1 %	12,205	5.0 %
Other income (expenses)	895	0.4 %	(1,245)	(0.5)%
Total income before income taxes	15,617	6.5 %	10,960	4.5 %
Income tax provision	2,068	0.9 %	2,647	1.1 %
Net income	$ 13,549	5.6 %	$ 8,313	3.4 %

(1) As a percentage of ODR revenue.

(2) As a percentage of GCR revenue.

(3) Included within selling, general and administrative expenses was $2.7 million and $2.2 million of stock-based compensation expense for the six months ended June 30, 2024 and 2023, respectively.

Revenue

	Six Months Ended June 30,			
	2024	2023	Increase/(Decrease)	
(in thousands except for percentages)				
Revenue:				
ODR	$ 157,010	$ 117,498	$ 39,512	33.6 %
GCR	84,201	128,393	(44,192)	(34.4)%
Total revenue	$ 241,211	$ 245,891	$ (4,680)	(1.9)%

Revenue for the six months ended June 30, 2024 decreased by $4.7 million compared to the six months ended June 30, 2023. ODR revenue increased by $39.5 million, or 33.6%, while GCR revenue decreased by $44.2 million, or 34.4%. The increase in period-over-period ODR segment revenue was primarily due to the Company's continued focus on the accelerated growth of its ODR business and as a result of the ACME and Industrial Air transactions. These entities were not acquired entities of the Company for the six months ended June 30, 2023. The decrease in period-over-period GCR segment revenue was primarily due to the Company's continued focus on the execution of its mix-shift strategy to ODR.

Gross Profit

	Six Months Ended June 30,						
	2024		2023		Increase/(Decrease)		
(in thousands except for percentages)							
Gross profit:							
ODR	$	47,523	$	33,150	$	14,373	43.4 %
GCR		17,073		21,590		(4,517)	(20.9)%
Total gross profit	$	64,596	$	54,740	$	9,856	18.0 %
Total gross profit as a percentage of total revenue		26.8 %		22.3 %			

The Company's gross profit for the six months ended June 30, 2024 increased by $9.9 million compared to the six months ended June 30, 2023. ODR gross profit increased $14.4 million, or 43.4%, due to the combination of an increase in revenue and higher margins driven by contract mix. GCR gross profit decreased $4.5 million, or 20.9%, primarily due to lower revenue despite higher margins on project work period-over-period. The total gross profit percentage increased from 22.3% for the six months ended June 30, 2023 to 26.8% for the same period over period ended in 2024, mainly driven by the mix of higher margin ODR segment work, the Company becoming more selective when pursuing GCR work, and as a result of the ACME and Industrial Air transactions. These entities were not acquired entities of the Company for the six months ended June 30, 2023.

The Company recorded revisions in its contract estimates for certain ODR and GCR projects. During the six months ended June 30, 2024, the Company recorded material gross profit write-ups on four ODR projects and two GCR projects for a total of $3.9 million and $1.7 million, respectively, that had a net gross profit impact of $0.5 million or more. During the six months ended June 30, 2023, the Company did not record any material gross profit write-ups or write-downs that had a net gross profit impact of $0.5 million or more.

Selling, General and Administrative

	Six Months Ended June 30,						
	2024		2023		Increase/(Decrease)		
(in thousands except for percentages)							
Selling, general and administrative	$	46,052	$	41,466	$	4,586	11.1 %
Total selling, general and administrative as a percentage of total revenue		19.1 %		16.9 %			

The Company's SG&A expense for the six months ended June 30, 2024 increased by approximately $4.6 million compared to the six months ended June 30, 2023. The increase in SG&A expense was primarily due to approximately $2.6 million of collective SG&A related expenses incurred within the ACME and Industrial Air entities during the six months ended June 30, 2024 that were not acquired entities of the Company during the six months ended June 30, 2023.The Company's SG&A expense for the six months ended June 30, 2024 also increased due to a $1.9 million increase in payroll related expenses, a $0.5 million increase in stock-based compensation expenses and a $0.5 million increase in travel and entertainment expenses. Partly offsetting the increase in SG&A expense was a $0.4 million decrease related to professional services fees. As a result of these factors, SG&A expense as a percentage of revenue increased to 19.1% for the six months ended June 30, 2024 as compared to 16.9% for the six months ended June 30, 2023.

Change in Fair Value of Contingent Consideration

The change in fair value of the Earnout Payments contingent consideration was a $1.7 million and a $0.3 million loss for the six months ended June 30, 2024 and 2023, respectively. These increases to the contingent liability were primarily attributable to the timing component and probability of meeting the gross profit margins associated with the contingent consideration arrangements as of June 30, 2024 and 2023. See Note 8 – Fair Value Measurements in the accompanying notes to the Company's condensed consolidated financial statements for further information on the Company's earnout arrangements.

Amortization of Intangibles

	Six Months Ended June 30,						
	2024		2023		Increase/(Decrease)		
(in thousands except for percentages)							
Amortization of intangibles	$	2,088	$	766	$	1,322	172.6 %

Total amortization expense for the six months ended June 30, 2024 and 2023 was $2.1 million and $0.8 million, respectively. As a result of the ACME and Industrial Air transactions, the Company acquired certain intangible assets in which it recognized approximately $1.6 million of amortization expense for the six months ended June 30, 2024. See Note 5 -

Goodwill and Intangible Assets for further information on the Company's intangible assets.

Other Expenses

	Six Months Ended June 30,			
	2024	2023	Change	
(in thousands except for percentages)				
Other income (expenses):				
Interest expense	$ (907)	$ (1,178)	$ 271	(23.0)%
Interest income	1,108	247	861	348.6 %
Gain (loss) on disposition of property and equipment	557	(40)	597	(1,492.5)%
Gain on change in fair value of interest rate swap	137	37	100	270.3 %
Loss on early debt extinguishment	—	(311)	311	(100.0)%
Total other income (expenses)	$ 895	$ (1,245)	$ 2,140	171.9 %

Total other income for the six months ended June 30, 2024 was $0.9 million as compared to total other expenses of $1.2 million for the six months ended June 30, 2023. The change period-over-period was primarily driven by a $0.9 million increase in interest income related to the Company's overnight repurchase agreements, investments in U.S. Treasury Bills and money market funds and a $0.3 million decrease in interest expense, which was the result of lower overall outstanding debt. In addition, during the six months ended June 30, 2024, the Company recognized a gain of $0.6 million related to the sale of certain property and equipment compared to a less than $0.1 million loss recognized in 2023.

Income Taxes

The Company recorded an income tax provision of $2.1 million for the six months ended June 30, 2024 compared to $2.6 million for the six months ended June 30, 2023. The effective tax rate was 13.2% and 24.2% for the six months ended June 30, 2024 and 2023, respectively. The difference between the U.S. federal statutory tax rate and the Company’s effective tax rate period-over-period was primarily due to state income taxes, tax credits, other permanent adjustments and discrete tax items. In particular, the Company’s effective rate for the quarters six months ended March 31, 2024 June 30, 2024 and 2023 are were materially impacted by “excess tax benefits on stock-based compensation” recognized discretely during the quarter. first quarter of each year. This benefit reduced the effective tax rate by 35.1% and 10.2% for the three months ended March 31, 2024 and 2023 respectively, with the impact varying in prior years. The increase in the 2024 effective rate reduction is primarily related to the higher stock price of the Company resulting in increased tax deductions for the Company upon vesting. vesting of equity incentive awards.

ODR and GCR 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.

The Company's ODR backlog as of March 31, 2024 June 30, 2024 was $158.8 million $177.7 million compared to $147.0 million at December 31, 2023. These amounts reflect unrecognized revenue expected to be recognized over the remaining terms of our service contracts and projects. Based on historical trends, the Company currently estimates that 92% 80% of its ODR backlog as of March 31, 2024 June 30, 2024 will be

be recognized as revenue over the remainder of 2024. The Company believes its ODR backlog increased due to its continued focus on the accelerated growth of its ODR business.

In addition, the Company's GCR backlog as of March 31, 2024 June 30, 2024 was $163.0 million $151.6 million compared to $186.9 million at December 31, 2023. Projects are brought into backlog once the Company has been provided a written confirmation of award and the contract value has been established. At any point in time, 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 GC/CM of their intention to award the Company 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 68% 60% of its GCR backlog as of March 31, 2024 June 30, 2024 will be recognized as revenue over the remainder of 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.

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 and disruption in its supply chain. The Company continued to experience elevated levels of cost inflation during 2023, which has continued into 2024, although at lower levels than experienced in 2023. These headwinds have been partially mitigated in 2023 and 2024 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, which have remained at increased levels. Therefore, the Company has continued to experience an elevation in its interest expense relative to its outstanding borrowings. 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 enhanced 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 these higher costs and delays in its supply chain persisted 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:

		Three Months Ended March 31,		Six Months Ended June 30,			
	2024		2024	2023		2024	2023
(in thousands)							
Net cash (used in) provided by:							
Net cash (used in) provided by:							
Net cash (used in) provided by:							
Net cash provided by (used in):							
Net cash provided by (used in):							
Net cash provided by (used in):							
Operating activities							
Investing activities							
Financing activities							
Net (decrease) increase in cash, cash equivalents and restricted cash							
Noncash investing and financing transactions:							
Noncash investing and financing transactions:							
Noncash investing and financing transactions:							
Right of use assets obtained in exchange for new operating lease liabilities							
Right of use assets obtained in exchange for new operating lease liabilities							
Right of use assets obtained in exchange for new operating lease liabilities							
Right of use assets obtained in exchange for new finance lease liabilities							
Right of use assets disposed or adjusted modifying finance lease liabilities							
Right of use assets disposed or adjusted modifying finance lease liabilities							
Right of use assets disposed or adjusted modifying finance lease liabilities							
Interest paid							
Cash paid for income taxes							

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 March 31, 2024 June 30, 2024 and 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 at least 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 at least the next twelve months.

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

(in thousands, except ratios)	*(in thousands, except ratios)*	March 31, 2024	December 31, 2023	*(in thousands, except ratios)*	June 30, 2024	December 31, 2023
Current assets						
Current liabilities						
Net working capital						

Net working capital

Net working capital

Current ratio (1)

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

As discussed above and in Note 6, as of March 31, 2024 June 30, 2024, the Company was in compliance with all financial maintenance covenants as required by its credit facility.

Cash Flows (Used in) Provided by Operating Activities

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

		Three Months Ended March 31,				Six Months Ended June 30,		
(*in thousands*)	**(*in thousands*)**	**2024**	**2023**	**Cash Inflow (outflow)**	**(*in thousands*)**	**2024**	**2023**	**Cash Inflow (outflow)**
Cash flows from operating activities:								
Net income								
Net income								
Net income								
Non-cash operating activities(1)								
Changes in operating assets and liabilities:								
Accounts receivable								
Accounts receivable								
Accounts receivable								
Contract assets								
Other current assets								
Accounts payable, including retainage								
Prepaid income taxes								
Accrued taxes payable								
Accrued taxes payable								
Accrued taxes payable								
Contract liabilities								
Operating lease liabilities								
Accrued expenses and other current liabilities								
Other long-term liabilities								
Other long-term liabilities								
Payment of contingent consideration liability in excess of acquisition-date fair value								
Other long-term liabilities								
Cash (used in) provided by working capital								
Net cash (used in) provided by operating activities								
Net cash provided by operating activities								

(1) Represents non-cash activity associated with depreciation and amortization, provision for credit losses, 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, changes in fair value of contingent consideration and changes in the fair value of the Company's interest rate swap.

During the three six months ended March 31, 2024 June 30, 2024, the Company used $3.9 million generated $12.6 million in cash for its operating activities, which consisted of cash used in working capital net income of $16.2 million, partly offset by $13.5 million and certain non-cash adjustments of $4.7 million $11.4 million (primarily depreciation and amortization, stock-based compensation expense, operating lease expense and the change in fair value of contingent consideration) and net income for the period , partly offset by cash used in working capital of $7.6 million $12.4 million. During the three six months ended March 31, 2023 June 30, 2023, the Company generated $9.4 million $26.3 million from its operating activities, which consisted of cash provided by working capital of $1.8 million $9.4 million, $4.6 million $8.6 million of non-cash adjustments (primarily depreciation and amortization, stock-based compensation expense, operating lease expense and the change in fair value of contingent consideration) and net income for the period of $3.0 million $8.3 million.

The decrease in operating cash flows during the three six months ended March 31, 2024 June 30, 2024 compared to the three six months ended March 31, 2023 June 30, 2023 was primarily attributable to a $22.7 million $36.6 million period-over-period cash outflow related to the change in accounts receivable, which was due to the timing of cash receipts. This cash outflow was partially offset by a $5.4 million $6.3 million cash inflow period-over-period related to the aggregate change in our contract assets and liabilities and a $0.9 million $9.6 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 inflow associated with the Company's accounts payable was due to the timing of cash payments.

Cash Flows Used in Investing Activities

Cash flows used in investing activities were $2.0 million $5.2 million and $0.8 million $1.2 million for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Cash used in investing activities for the three six months ended March 31, 2024 June 30, 2024 included $2.5 million, a $5.8 million cash outflow related to the purchase of property and equipment, which was primarily associated with the purchase of certain rental equipment to expand customer service offerings, partially offset by $0.6 million in proceeds from the sale of property and equipment. For the three six months ended March 31, 2023 June 30, 2023, $0.9 million $1.5 million was used to purchase property and equipment, which was partially offset by $0.1 million $0.3 million in proceeds from the sale of property and equipment.

Aside from the rental equipment purchased during the first quarter half of 2024, the majority of the Company's cash used for investing activities in both periods was for capital additions pertaining to tools and equipment, computer software and hardware purchases, office furniture and office related leasehold improvements.

Cash Flows Used in Financing Activities

Cash flows used in financing activities were $5.7 million $7.6 million for the three six months ended March 31, 2024 June 30, 2024 compared to $3.2 million $15.2 million for the three six months ended March 31, 2023 June 30, 2023. During the three six months ended March 31, 2024 June 30, 2024, the Company paid approximately $5.2 million in taxes related to the net share settlement of equity awards, and $0.7 million $1.4 million for payments on finance leases. leases and made a $3.0 million payment to the former owners of JMLLC and CSLLC related to the 2023 Earnout Period, of which $1.3 million was recognized as a cash outflow from financing activities. These cash financing outflows were partially offset by $0.2 million $0.3 million associated with proceeds from employee contributions to the ESPP.

For the three six months ended March 31, 2023 June 30, 2023, as a result of the execution of the Second A&R Wintrust Credit Agreement, the Company made 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 $1.9 million $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, and $0.6 million $1.3 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 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 $0.2 million associated with proceeds from contributions to the ESPP.

The following table reflects our available funding capacity, subject to covenant restrictions, as of March 31, 2024 June 30, 2024:

(in thousands)		
Cash & cash equivalents(1)		$ 48,239 59,534
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	(5,165) (4,265)	
Net credit agreement capacity available		34,835 35,735
Total available funding capacity		$ 83,074 95,269

(1) 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 March 31, 2024 June 30, 2024 consisted of certain overnight repurchase agreements, as well as money market investments and one U.S. Treasury Bill.

Cash Flow Summary

Management continued to devote additional resources to its billing and collection efforts during the three six months ended March 31, 2024 June 30, 2024. Management continues to expect that growth in our ODR business, which is less sensitive to the cash flow issues presented by large GCR projects, should positively impact our cash flow trends.

Provided that the Company's lenders continue to provide working capital funding, the Company believes based on its current forecast that its current cash and cash equivalents of $48.2 million $59.5 million as of March 31, 2024 June 30, 2024, cash payments to be received from existing and new customers, and availability of borrowing under the Second A&R Wintrust Revolving Loan (pursuant to which we had $34.8 million $35.7 million of availability as of March 31, 2024 June 30, 2024) will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months.

Debt and Related Obligations

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

(in thousands)	March 31, 2024	December 31, 2023
A&R Wintrust Revolving Loans	10,000	10,000
Finance leases – collateralized by vehicles, payable in monthly installments of principal, plus interest ranging from 3.96% to 8.60% through 2031	6,917	7,347

Financing liability	5,351	5,351
Total debt	22,268	22,698
Less - Current portion of long-term debt	(2,532)	(2,680)
Less - Unamortized discount and debt issuance costs	(383)	(387)
Long-term debt	$ 19,353	$ 19,631

(in thousands)	June 30, 2024	December 31, 2023
A&R Wintrust Revolving Loans	10,000	10,000
Finance leases – collateralized by vehicles, payable in monthly installments of principal, plus interest ranging from 3.96% to 8.60% through 2031	7,218	7,347
Financing liability	5,351	5,351
Total debt	22,569	22,698
Less - Current portion of long-term debt	(2,531)	(2,680)
Less - Unamortized discount and debt issuance costs	(379)	(387)
Long-term debt	$ 19,659	$ 19,631

See Note 6 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 March 31, 2024 June 30, 2024 and December 31, 2023, the Company had approximately $90.0 million $79.2 million and $90.9 million in surety bonds outstanding, respectively. The Company believes that its $800.0 million bonding capacity provides us with a significant competitive advantage relative to many of our competitors which we believe have limited bonding capacity. See Note 13 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 for further discussion.

Multiemployer Pension 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.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of the Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed 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 condensed 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 condensed consolidated financial statements are based change in the future, actual amounts may differ from those included in the accompanying consolidated financial statements.

Management believes there have been no significant changes during the three months ended March 31, 2024 June 30, 2024, to the items that we disclosed as our critical accounting policies and estimates in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 2 – Significant Accounting Policies in the accompanying notes to the Company's consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements

See Note 2 to the Condensed Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); therefore, pursuant to Item 305(e) of Regulation S-K, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation as of March 31, 2024 June 30, 2024, our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that our Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

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

Inherent Limitations on Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, cannot provide absolute assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

Part II

Item 1. Legal Proceedings

See Note 13 to the Condensed Consolidated Financial Statements for information regarding legal proceedings.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

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 stock that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. During the three months ended March 31, 2024 June 30, 2024, 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 6. Exhibits

Exhibit	Description
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).
10.1	First Amendment to the Second Amended and Restated Credit Agreement, dated as of March 13, 2024, by and among Limbach Facility Services LLC, Limbach Holdings LLC, the other Loan Parties party thereto, the Lenders party thereto and Wheaton Bank & Trust Company, N.A., 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 13, 2023).
31.1*	Certification of the 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 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 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 Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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.
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

*Filed herewith

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
(Principal Executive Officer)

/s/ Jayme L. Brooks

Jayme L. Brooks
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 8, 2024 August 6, 2024

EXHIBIT 31.1

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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 of Limbach Holdings, Inc. (the "registrant");

2. Based on my knowledge, this quarterly 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 quarterly 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 quarterly 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 quarterly 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.

/s/ Michael M. McCann

Michael M. McCann

President and Chief Executive Officer

Date: May 8, 2024 August 6, 2024

EXHIBIT 31.2

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, Jayme L. Brooks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 of Limbach Holdings, Inc. (the "registrant");

2. Based on my knowledge, this quarterly 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 quarterly 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 quarterly 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 quarterly 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.

/s/ Jayme L. Brooks

Jayme L. Brooks

Executive Vice President and Chief Financial Officer

Date: May 8, 2024 August 6, 2024

EXHIBIT 32.1

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 this Quarterly Report on Form 10-Q of Limbach Holdings, Inc. (the "Company") for the quarter ended March 31, 2024 June 30, 2024 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: May 8, 2024 August 6, 2024

By /s/ Michael M. McCann

Michael M. McCann, President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 32.2

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 this Quarterly Report on Form 10-Q of Limbach Holdings, Inc. (the "Company") for the quarter ended March 31, 2024 June 30, 2024 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: May 8, 2024 August 6, 2024

By /s/ Jayme L. Brooks

Jayme L. Brooks, Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

DISCLAIMER