

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
OR

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

For the transition period from to

Commission file number: 1-08325

MYR GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-3158643

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

12121 Grant Street, Suite 610

Thornton, CO

(Address of principal executive offices)

80241

(Zip Code)

(303) 286-8000

(Registrant's telephone number, including area code)

N/A

(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, \$0.01 par value	MYRG	The Nasdaq Stock Market, LLC
		(Nasdaq Global Market)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 April 26, 2024, there were 16,765,450 outstanding shares of the registrant's \$0.01 par value common stock.

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Throughout this report, references to “MYR Group,” the “Company,” “we,” “us” and “our” refer to MYR Group Inc. and its consolidated subsidiaries, except as otherwise indicated or as the context otherwise requires.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MYR GROUP INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	March 31, 2024	December 31, 2023
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,911	\$ 24,899
Accounts receivable, net of allowances of \$946 and \$1,987, respectively	527,069	521,893
Contract assets, net of allowances of \$575 and \$610, respectively	450,741	420,616
Current portion of receivable for insurance claims in excess of deductibles	8,215	8,267
Refundable income taxes	1,754	4,034
Prepaid expenses and other current assets	34,497	46,535
Total current assets	1,026,187	1,026,244
Property and equipment, net of accumulated depreciation of \$383,009 and \$380,465, respectively	272,569	268,978
Operating lease right-of-use assets	38,515	35,012
Goodwill	115,865	116,953
Intangible assets, net of accumulated amortization of \$31,564 and \$30,534, respectively	81,449	83,516
Receivable for insurance claims in excess of deductibles	33,594	33,739
Investment in joint ventures	9,461	8,707
Other assets	5,850	5,597
Total assets	\$ 1,583,490	\$ 1,578,746
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 6,617	\$ 7,053
Current portion of operating lease obligations	9,918	9,237
Current portion of finance lease obligations	1,845	2,039
Accounts payable	321,277	359,363
Contract liabilities	270,964	240,411
Current portion of accrued self-insurance	24,623	28,269
Accrued income taxes	1,185	237
Other current liabilities	95,929	100,593
Total current liabilities	732,358	747,202
Deferred income tax liabilities	47,829	48,230
Long-term debt	31,315	29,188
Accrued self-insurance	51,007	51,796
Operating lease obligations, net of current maturities	28,592	25,775
Finance lease obligations, net of current maturities	184	314
Other liabilities	28,485	25,039
Total liabilities	919,770	927,544
Commitments and contingencies		
Shareholders' equity:		
Preferred stock—\$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at March 31, 2024 and December 31, 2023	—	—
Common stock—\$0.01 par value per share; 100,000,000 authorized shares; 16,761,942 and 16,684,492 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	167	167
Additional paid-in capital	158,791	162,386
Accumulated other comprehensive loss	(6,352)	(3,880)
Retained earnings	511,114	492,529
Total shareholders' equity	663,720	651,202
Total liabilities and shareholders' equity	\$ 1,583,490	\$ 1,578,746

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

MYR GROUP INC.**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

(in thousands, except per share data)	Three months ended March 31,	
	2024	2023
Contract revenues	\$ 815,562	\$ 811,616
Contract costs	729,319	727,224
Gross profit	86,243	84,392
Selling, general and administrative expenses	62,233	56,964
Amortization of intangible assets	1,228	1,226
Gain on sale of property and equipment	(1,489)	(1,224)
Income from operations	24,271	27,426
Other income (expense):		
Interest income	142	321
Interest expense	(1,054)	(586)
Other expense, net	(263)	(90)
Income before provision for income taxes	23,096	27,071
Income tax expense	4,157	3,908
Net income	\$ 18,939	\$ 23,163
Income per common share:		
—Basic	\$ 1.13	\$ 1.39
—Diluted	\$ 1.12	\$ 1.38
Weighted average number of common shares and potential common shares outstanding:		
—Basic	16,711	16,618
—Diluted	16,837	16,824
Net income	\$ 18,939	\$ 23,163
Other comprehensive income (loss):		
Foreign currency translation adjustment	(2,472)	136
Other comprehensive income (loss)	(2,472)	136
Total comprehensive income	\$ 16,467	\$ 23,299

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)	Preferred Stock	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
		Shares	Amount				
Balance at December 31, 2022	\$ —	16,564	\$ 165	\$ 161,427	\$ (6,300)	\$ 404,908	\$ 560,200
Net income	—	—	—	—	—	23,163	23,163
Stock issued under compensation plans, net	—	211	2	18	—	—	20
Stock-based compensation expense	—	—	—	1,982	—	—	1,982
Shares repurchased related to tax withholding for stock-based compensation	—	(76)	—	(7,194)	—	(742)	(7,936)
Other comprehensive income	—	—	—	—	136	—	136
Balance at March 31, 2023	<u>\$ —</u>	<u>16,699</u>	<u>\$ 167</u>	<u>\$ 156,233</u>	<u>\$ (6,164)</u>	<u>\$ 427,329</u>	<u>\$ 577,565</u>
Balance at December 31, 2023	\$ —	16,684	\$ 167	\$ 162,386	\$ (3,880)	\$ 492,529	\$ 651,202
Net income	—	—	—	—	—	18,939	18,939
Stock issued under compensation plans, net	—	114	1	(1)	—	—	—
Stock-based compensation expense	—	—	—	1,917	—	—	1,917
Shares repurchased related to tax withholding for stock-based compensation	—	(36)	(1)	(5,511)	—	(354)	(5,866)
Other comprehensive loss	—	—	—	—	(2,472)	—	(2,472)
Balance at March 31, 2024	<u>\$ —</u>	<u>16,762</u>	<u>\$ 167</u>	<u>\$ 158,791</u>	<u>\$ (6,352)</u>	<u>\$ 511,114</u>	<u>\$ 663,720</u>

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

MYR GROUP INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 18,939	\$ 23,163
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	14,602	12,763
Amortization of intangible assets	1,228	1,226
Stock-based compensation expense	1,917	1,982
Gain on sale of property and equipment	(1,489)	(1,224)
Other non-cash items	656	62
Changes in operating assets and liabilities:		
Accounts receivable, net	(6,009)	53,819
Contract assets, net	(30,962)	(31,868)
Receivable for insurance claims in excess of deductibles	197	(601)
Other assets	13,409	15,921
Accounts payable	(30,990)	(19,142)
Contract liabilities	30,758	(6,312)
Accrued self-insurance	(4,426)	(2,561)
Other liabilities	(140)	(10,070)
Net cash flows provided by operating activities	7,690	37,158
Cash flows from investing activities:		
Proceeds from sale of property and equipment	1,879	1,539
Purchases of property and equipment	(25,783)	(19,615)
Net cash flows used in investing activities	(23,904)	(18,076)
Cash flows from financing activities:		
Borrowings under revolving lines of credit	121,745	9,242
Repayments under revolving lines of credit	(117,463)	(22,157)
Payment of principal obligations under equipment notes	(2,591)	(1,980)
Payment of principal obligations under finance leases	(275)	(302)
Proceeds from exercise of stock options	—	20
Payments related to tax withholding for stock-based compensation	(5,866)	(7,936)
Net cash flows used in financing activities	(4,450)	(23,113)
Effect of exchange rate changes on cash	(324)	30
Net decrease in cash and cash equivalents	(20,988)	(4,001)
Cash and cash equivalents:		
Beginning of period	24,899	51,040
End of period	\$ 3,911	\$ 47,039

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

MYR GROUP INC.**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS****1. Organization, Business and Basis of Presentation****Organization and Business**

MYR Group Inc. (the "Company") is a holding company of specialty electrical construction service providers conducting operations through wholly owned subsidiaries. The Company performs construction services in two business segments: Transmission and Distribution ("T&D"), and Commercial and Industrial ("C&I"). T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. T&D provides a broad range of services on electric transmission, distribution networks, substation facilities, clean energy projects and electric vehicle charging infrastructure. T&D services include design, engineering, procurement, construction, upgrade, maintenance and repair services. C&I customers include general contractors, commercial and industrial facility owners, government agencies and developers. C&I provides a broad range of services, which include the design, installation, maintenance and repair of commercial and industrial wiring. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, stadiums, commercial and industrial facilities, clean energy projects, manufacturing plants, processing facilities, water/waste-water treatment facilities, mining facilities, intelligent transportation systems, roadway lighting, signalization and electric vehicle charging infrastructure.

Basis of Presentation***Interim Consolidated Financial Information***

The accompanying unaudited consolidated financial statements of the Company were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial reporting pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. The Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations, comprehensive income, shareholders' equity and cash flows with respect to the interim consolidated financial statements, have been included. The consolidated balance sheet as of December 31, 2023 has been derived from the audited financial statements as of that date. The results of operations and comprehensive income are not necessarily indicative of the results for the full year or the results for any future periods. These financial statements should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K, which was filed with the SEC on February 28, 2024 (the "2023 Annual Report").

Joint Ventures and Noncontrolling Interests

The Company accounts for investments in joint ventures using the proportionate consolidation method for income statement reporting and under the equity method for balance sheet reporting, unless the Company has a controlling interest causing the joint venture to be consolidated with equity owned by other joint venture partners recorded as noncontrolling interests. As of March 31, 2024, the Company did not have a controlling interest in any current joint venture partnerships. Under the proportionate consolidation method, joint venture activity is allocated to the appropriate line items found on the consolidated statements of operations in proportion to the percentage of participation the Company has in the joint venture. Under the equity method the net investment in joint ventures is stated as a single item on the Company's consolidated balance sheets. If an investment in a joint venture contains a recourse or unfunded commitments to provide additional equity, distributions and/or losses in excess of the investment, a liability is recorded in other current liabilities on the Company's consolidated balance sheets.

For joint ventures in which the Company does not have a controlling interest, the Company's share of any profits and assets and its share of any losses and liabilities are recognized based on the Company's stated percentage partnership interest in the joint venture and are typically recorded by the Company one month in arrears. The investments in joint ventures are recorded at cost and the carrying amounts are adjusted to recognize the Company's proportionate share of cumulative income or loss, additional contributions made and dividends and capital distributions received. The Company records the effect of any impairment or any other-than-temporary decrease in the value of the joint venture investment as incurred, which may or may not be one month in arrears, depending on when the Company obtains the joint venture activity information. Additionally, the Company continually assesses the fair value of its investment in unconsolidated joint ventures despite using information that is one month in arrears for regular reporting purposes. The Company includes only its percentage ownership of each joint venture in its backlog.

Foreign Currency

The functional currency for the Company's Canadian operations is the Canadian dollar. Assets and liabilities denominated in Canadian dollars are translated into U.S. dollars at the end-of-period exchange rate. Revenues and expenses are translated using average exchange rates for the periods reported. Equity accounts are translated at historical rates. Cumulative translation adjustments are included as a separate component of accumulated other comprehensive income (loss) in shareholders' equity. Foreign currency transaction gains and losses, arising primarily from changes in exchange rates on short-term monetary assets and liabilities, and intercompany loans that are not deemed long-term investment accounts are recorded in the "other expense, net" line on the Company's consolidated statements of operations. Foreign currency losses and gains, recorded in other expense, net, for the three months ended March 31, 2024 and 2023 were not significant. Foreign currency translation gains and losses, arising from intercompany loans that are deemed long-term investment accounts, are recorded in the foreign currency translation adjustment line on the Company's consolidated statements of comprehensive income.

Use of Estimates

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

The most significant estimates are related to estimates of costs to complete contracts, pending change orders and claims, shared savings, insurance reserves, income tax reserves, estimates surrounding stock-based compensation, acquisition-related contingent earn-out consideration liabilities, the recoverability of goodwill and intangibles and allowance for doubtful accounts. The Company estimates a cost accrual every quarter that represents costs incurred but not invoiced for services performed or goods delivered during the period, and estimates revenue from the contract cost portion of these accruals based on current gross margin rates to be consistent with its cost method of revenue recognition.

As of March 31, 2024 and December 31, 2023, the Company had recognized revenues of \$87.4 million and \$76.5 million, respectively, related to large change orders and/or claims that had been included as contract price adjustments on certain contracts, some of which are multi-year projects. These change orders and/or claims are in the process of being negotiated in the normal course of business, and a portion of these recognized revenues had been included in multiple periods.

The cost-to-cost method of accounting requires the Company to make estimates about the expected revenue and gross profit on each of its contracts in process. During the three months ended March 31, 2024, changes in estimates pertaining to certain projects decreased consolidated gross margin by 1.2%, which resulted in decreases in operating income of \$9.8 million, net income of \$6.9 million and diluted earnings per common share of \$0.41. Additional discussion on the impact of these estimate changes can be found in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Consolidated Results of Operations."

During the three months ended March 31, 2023, changes in estimates pertaining to certain projects decreased consolidated gross margin by 0.6%, which resulted in decreases in operating income of \$5.1 million, net income of \$3.6 million and diluted earnings per common share of \$0.21.

Recent Accounting Pronouncements

Changes to U.S. GAAP are typically established by the Financial Accounting Standards Board (“FASB”) in the form of accounting standards updates (“ASUs”) to the FASB’s Accounting Standards Codification (“ASC”). The Company considers the applicability and impact of all ASUs. The Company, based on its assessment, determined that any recently issued or proposed ASUs are either not applicable to the Company or will have minimal impact on its consolidated financial statements when adopted.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant reportable segment expenses and other disclosure requirements. The update is effective for annual reporting periods beginning after December 15, 2023, with early adoption permitted. The guidance requires application on a retrospective basis. The Company is currently evaluating the impact of the new standard on its consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The guidance also includes certain other amendments intended to improve the effectiveness of income tax disclosures. The update is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The amendments in this pronouncement should be applied on a prospective basis, with the option to apply them retrospectively. The Company is currently evaluating the impact of the new standard on the Company’s income tax disclosures.

2. Contract Assets and Liabilities

Contracts with customers usually stipulate the timing of payment, which is defined by the terms found within the various contracts under which work was performed during the period. Therefore, contract assets and liabilities are created when the timing of costs incurred on work performed does not coincide with the billing terms. These contracts frequently include retention provisions contained in each contract.

The Company’s consolidated balance sheets present contract assets, which contain unbilled revenue and contract retainages associated with contract work that has been completed and billed but not paid by customers, pursuant to retainage provisions, that are generally due once the job is completed and approved. The allowance for doubtful accounts associated with contract assets was \$0.6 million as of March 31, 2024 and December 31, 2023, respectively.

Contract assets consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023	Change
Unbilled revenue, net	\$ 232,565	\$ 217,083	\$ 15,482
Contract retainages, net	218,176	203,533	14,643
Contract assets, net	<u>\$ 450,741</u>	<u>\$ 420,616</u>	<u>\$ 30,125</u>

The Company’s consolidated balance sheets present contract liabilities that contain deferred revenue and an accrual for contracts in a loss provision.

Contract liabilities consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023	Change
Deferred revenue	\$ 262,871	\$ 231,604	\$ 31,267
Accrued loss provision	8,093	8,807	(714)
Contract liabilities	<u>\$ 270,964</u>	<u>\$ 240,411</u>	<u>\$ 30,553</u>

The following table provides information about contract assets and contract liabilities from contracts with customers:

(in thousands)	March 31, 2024	December 31, 2023	Change
Contract assets, net	\$ 450,741	\$ 420,616	\$ 30,125
Contract liabilities	(270,964)	(240,411)	(30,553)
Net contract assets	<u>\$ 179,777</u>	<u>\$ 180,205</u>	<u>\$ (428)</u>

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing of the Company's billings in relation to its performance of work. The amounts of revenue recognized in the period that were included in the opening contract liability balances were \$28.6 million for the three months ended March 31, 2024. The amounts of revenue recognized in the period that were included in the opening contract liability balances were \$60.2 million for the three months ended March 31, 2023. This revenue consists primarily of work performed on previous billings to customers.

The net asset position for contracts in process consisted of the following:

(in thousands)	March 31, 2024	December 31, 2023
Costs and estimated earnings on uncompleted contracts	\$ 6,667,250	\$ 6,716,990
Less: billings to date	6,697,556	6,731,511
	<u>\$ (30,306)</u>	<u>\$ (14,521)</u>

The net asset position for contracts in process is included within the contract asset and contract liability in the accompanying consolidated balance sheets as follows:

(in thousands)	March 31, 2024	December 31, 2023
Unbilled revenue	\$ 232,565	\$ 217,083
Deferred revenue	(262,871)	(231,604)
	<u>\$ (30,306)</u>	<u>\$ (14,521)</u>

3. Lease Obligations

From time to time, the Company enters into non-cancelable leases for some of our facility, vehicle and equipment needs. These leases allow the Company to conserve cash by paying a monthly lease rental fee for the use of facilities, vehicles and equipment rather than purchasing them. The Company's leases have remaining terms ranging from one to ten years, some of which may include options to extend the leases for up to six years, and some of which may include options to terminate the leases within one year. Currently, all the Company's leases contain fixed payment terms. The Company may decide to cancel or terminate a lease before the end of its term, in which case we are typically liable to the lessor for the remaining lease payments under the term of the lease. Additionally, all of the Company's month-to-month leases are cancelable, by the Company or the lessor, at any time and are not included in our right-of-use asset or liability. At March 31, 2024, the Company had several leases with residual value guarantees. Typically, the Company has purchase options on the equipment underlying its long-term leases and many of its short-term rental arrangements. The Company may exercise some of these purchase options when the need for equipment is ongoing and the purchase option price is attractive. Leases are accounted for as operating or finance leases, depending on the terms of the lease.

The following is a summary of the lease-related assets and liabilities recorded:

(in thousands)	Classification on the Consolidated Balance Sheet	March 31, 2024	December 31, 2023
Assets			
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 38,515	\$ 35,012
Finance lease right-of-use assets	Property and equipment, net of accumulated depreciation	2,174	2,363
Total right-of-use lease assets		\$ 40,689	\$ 37,375
Liabilities			
Current			
Operating lease obligations	Current portion of operating lease obligations	\$ 9,918	\$ 9,237
Finance lease obligations	Current portion of finance lease obligations	1,845	2,039
Total current obligations		11,763	11,276
Non-current			
Operating lease obligations	Operating lease obligations, net of current maturities	28,592	25,775
Finance lease obligations	Finance lease obligations, net of current maturities	184	314
Total non-current obligations		28,776	26,089
Total lease obligations		\$ 40,539	\$ 37,365

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

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term - finance leases	0.6 years	0.9 years
Weighted-average remaining lease term - operating leases	4.0 years	4.0 years
Weighted-average discount rate - finance leases	3.2 %	3.1 %
Weighted-average discount rate - operating leases	4.0 %	4.0 %

The following is a summary of certain information related to the lease costs for finance and operating leases:

(in thousands)	Three months ended March 31,	
	2024	2023
Lease cost:		
Finance lease cost:		
Amortization of right-of-use assets	\$ 1,892	\$ 1,206
Interest on lease liabilities	16	24
Operating lease cost	3,713	3,590
Variable lease costs	93	89
Total lease cost	\$ 5,714	\$ 4,909

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

(in thousands)	Three months ended March 31,	
	2024	2023
Other information:		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 3,650	\$ 3,616
Right-of-use asset obtained in exchange for new operating lease obligations	\$ 4,864	\$ 1,616

The future undiscounted minimum lease payments, as reconciled to the discounted minimum lease obligation indicated on the Company's consolidated balance sheets, under financial leases, less interest, and under operating leases, less imputed interest, as of March 31, 2024 were as follows:

(in thousands)	Finance Lease Obligations	Operating Lease Obligations	Total Lease Obligations
Remainder of 2024	\$ 1,743	\$ 10,306	\$ 12,049
2025	313	12,194	12,507
2026	—	9,960	9,960
2027	—	5,342	5,342
2028	—	4,087	4,087
2029	—	2,354	2,354
Thereafter	—	892	892
Total minimum lease payments	2,056	45,135	47,191
Financing component	(27)	(6,625)	(6,652)
Net present value of minimum lease payments	2,029	38,510	40,539
Less: current portion of finance and operating lease obligations	(1,845)	(9,918)	(11,763)
Long-term finance and operating lease obligations	\$ 184	\$ 28,592	\$ 28,776

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.

Certain subsidiaries of the Company have operating leases for facilities from third party companies that are owned, in whole or part, by employees of the subsidiaries. The terms and rental rates of these leases are at or below market rental rates. Lease expense associated with these leases was \$0.6 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the minimum lease payments required under these leases totaled \$12.1 million, which are due over the next 5.4 years.

4. Fair Value Measurements

The Company uses the three-tier hierarchy of fair value measurement, which prioritizes the inputs used in measuring fair value based upon their degree of availability in external active markets. These tiers include: Level 1 (the highest priority), defined as observable inputs, such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3 (the lowest priority), defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of March 31, 2024 and December 31, 2023, the Company determined that the carrying value of cash and cash equivalents approximated fair value based on Level 1 inputs. As of March 31, 2024 and December 31, 2023, the fair value of the Company's long-term debt and finance lease obligations was based on Level 2 inputs. The Company's long-term debt was based on variable and fixed interest rates at March 31, 2024 and December 31, 2023, for new issues with similar remaining maturities, and approximated carrying value. In addition, based on borrowing rates currently available to the Company for borrowings with similar terms, the carrying value of the Company's finance lease obligations also approximated fair value.

As of March 31, 2024, the fair value of the Company's contingent earn-out consideration liability associated with the acquisition of Powerline Plus Ltd. and its affiliate PLP Redimix Ltd. (collectively, the "Powerline Plus Companies") on January 4, 2022, was based on Level 3 inputs. The contingent earn-out consideration recorded represents the estimated fair value of future amounts potentially payable to the former owners of the acquired Powerline Plus Companies, if the Powerline Plus Companies achieve certain performance targets over a three-year post-acquisition period. The fair value was initially determined using a Monte Carlo simulation valuation methodology based on probability-weighted performance projections and other inputs, including a discount rate and an expected volatility factor. The fair value of this contingent earn-out consideration liability will be evaluated on an ongoing basis by management. Accordingly, the level of inputs used for these fair value measurements is the lowest level (Level 3). Significant changes in any of these assumptions could result in a significantly higher or lower potential liability. As of the acquisition date, the fair value of the contingent earn-out consideration was \$0.9 million. As of March 31, 2024 and December 31, 2023, the fair value of the contingent earn-out consideration was zero. The future payout of the contingent earn-out consideration, if any, is unlimited and could be significantly higher than the acquisition date fair value. If the minimum thresholds of the performance targets are achieved the contingent earn-out consideration payment will be approximately \$16.6 million. There were no changes in contingent earn-out consideration during the three months ended March 31, 2024 and 2023. Any changes in contingent earn-out consideration are recorded in other income.

5. Debt

The table below reflects the Company's total debt, including borrowings under its credit agreement and master loan agreements for equipment notes:

(dollar amounts in thousands)	Inception Date	Stated Interest Rate (per annum)	Payment Frequency	Term (years)	Outstanding Balance as of March 31, 2024	Outstanding Balance as of December 31, 2023
<i>Credit Agreement</i>						
Revolving loans	5/31/2023	Variable	Variable	5	\$ 17,483	\$ 13,201
<i>Equipment Notes</i>						
Equipment Note 8	12/27/2019	2.75%	Semi-annual	5	2,345	2,871
Equipment Note 10	8/26/2022	4.32%	Semi-annual	5	18,064	20,125
Other equipment note	4/11/2022	4.55%	Monthly	5	40	44
					20,449	23,040
Total debt					37,932	36,241
Less: current portion of long-term debt					(6,617)	(7,053)
Long-term debt					\$ 31,315	\$ 29,188

Credit Agreement

On May 31, 2023, the Company entered into a five-year third amended and restated credit agreement (the "Credit Agreement") with a syndicate of banks led by JPMorgan Chase Bank, N.A. and Bank of America, N.A. that provides for a \$490 million revolving credit facility (the "Facility"), subject to certain financial covenants as defined in the Credit Agreement. The Facility allows for revolving loans in Canadian dollars and other non-US currencies, up to the U.S. dollar equivalent of \$150 million. Up to \$75 million of the Facility may be used for letters of credit, with an additional \$75 million available for letters of credit, subject to the sole discretion of each issuing bank. The Facility also allows for \$15 million to be used for swingline loans. The Company has an expansion option to increase the commitments under the Facility or enter into incremental term loans, subject to certain conditions, by up to an additional \$200 million upon receipt of additional commitments from new or existing lenders. Subject to certain exceptions, the Facility is secured by substantially all of the assets of the Company and its domestic subsidiaries, and by a pledge of substantially all of the capital stock of the Company's domestic subsidiaries and 65% of the capital stock of the direct foreign subsidiaries of the Company. Additionally, subject to certain exceptions, the Company's domestic subsidiaries also guarantee the repayment of all amounts due under the Credit Agreement. The Credit Agreement provides for customary events of default. If an event of default occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Facility may be accelerated and may become or be declared immediately due and payable. Borrowings under the Credit Agreement are used to refinance existing indebtedness, and to provide for future working capital, capital expenditures, acquisitions and other general corporate purposes.

Amounts borrowed under the Credit Agreement bear interest, at the Company's option, at a rate equal to either (1) the Alternate Base Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 0.25% to 1.00%; or (2) the Term Benchmark Rate (as defined in the Credit Agreement) plus an applicable margin ranging from 1.25% to 2.00%. The applicable margin is determined based on the Company's Net Leverage Ratio (as defined in the Credit Agreement). The Credit Agreement establishes Adjusted Term Secured Overnight Financing Rate ("SOFR") (as defined in the Credit Agreement) as the benchmark rate in replacement of LIBOR. Letters of credit issued under the Facility are subject to a letter of credit fee of 1.25% to 2.00% for non-performance letters of credit or 0.625% to 1.00% for performance letters of credit, based on the Company's Net Leverage Ratio. The Company is subject to a commitment fee of 0.20% to 0.30%, based on the Company's Net Leverage Ratio, on any unused portion of the Facility. The Credit Agreement restricts certain types of payments when the Company's Net Leverage Ratio, after giving pro forma effect thereto, exceeds 2.75. The weighted average interest rate on borrowings outstanding on the Facility for the three months ended March 31, 2024, was 7.56% per annum.

Under the Credit Agreement, the Company is subject to certain financial covenants including a maximum Net Leverage Ratio of 3.0 and a minimum Interest Coverage Ratio (as defined in the Credit Agreement) of 3.0. The Credit Agreement also contains covenants including limitations on asset sales, investments, indebtedness and liens. The Company was in compliance with all of its financial covenants under the Credit Agreement as of March 31, 2024.

As of March 31, 2024, the Company had \$17.5 million of borrowings outstanding under the Facility and letters of credit outstanding under the Facility of approximately \$38.2 million, including \$27.1 million related to the Company's payment obligation under its insurance programs and approximately \$11.1 million related to contract performance obligations.

As of December 31, 2023, the Company had \$13.2 million of borrowings outstanding under the Facility and letters of credit outstanding under the Facility of approximately \$34.4 million, including \$27.1 million related to the Company's payment obligation under its insurance programs and approximately \$7.3 million related to contract performance obligations.

The Company had remaining deferred debt issuance costs totaling \$2.1 million as of March 31, 2024, related to the line of credit. As permitted, debt issuance costs have been deferred and are presented as an asset within other assets, which is amortized as interest expense over the term of the line of credit.

Equipment Notes

The Company has entered into Master Equipment Loan and Security Agreements (the "Master Loan Agreements") with multiple finance companies. The Master Loan Agreements may be used for the financing of equipment between the Company and the lenders pursuant to one or more equipment notes ("Equipment Note"). Each Equipment Note executed under the Master Loan Agreements constitutes a separate, distinct and independent financing of equipment and a contractual obligation of the Company, which may contain prepayment clauses.

As of March 31, 2024, the Company had two Equipment Notes outstanding under the Master Loan Agreements that are collateralized by equipment and vehicles owned by the Company. As of March 31, 2024, the Company had one other equipment note outstanding that is collateralized by a vehicle owned by the Company. The following table sets forth our remaining principal payments for all of the Company's outstanding equipment notes as of March 31, 2024:

(in thousands)	Future Equipment Notes Principal Payments
Remainder of 2024	\$ 4,461
2025	4,364
2026	4,555
2027	7,069
2028	—
2029	—
Total future principal payments	<u>20,449</u>
Less: current portion of equipment notes	<u>(6,617)</u>
Long-term principal obligations	<u>\$ 13,832</u>

6. Revenue Recognition

Disaggregation of Revenue

A majority of the Company's revenues are earned through contracts with customers that normally provide for payment upon completion of specified work or units of work as identified in the contract. Although there is considerable variation in the terms of these contracts, they are primarily structured as fixed-price contracts, under which the Company agrees to perform a defined scope of a project for a fixed amount, or unit-price contracts, under which the Company agrees to do the work at a fixed price per unit of work as specified in the contract. The Company also enters into time-and-equipment and time-and-materials contracts under which the Company is paid for labor and equipment at negotiated hourly billing rates and for other expenses, including materials, as incurred at rates agreed to in the contract. Finally, the Company sometimes enters into cost-plus contracts, where the Company is paid for costs plus a negotiated margin. On occasion, time-and-equipment, time-and-materials and cost-plus contracts require the Company to include a guaranteed not-to-exceed maximum price.

Historically, fixed-price and unit-price contracts have had the highest potential margins; however, they have had a greater risk in terms of profitability because cost overruns may not be recoverable. Time-and-equipment, time-and-materials and cost-plus contracts have historically had less margin upside, but generally have had a lower risk of cost overruns. The Company also provides services under master service agreements ("MSAs") and other variable-term service agreements. MSAs normally cover maintenance, upgrade and extension services, as well as new construction. Work performed under MSAs is typically billed on a unit-price, time-and-materials or time-and-equipment basis. MSAs are typically one to three years in duration; however, most of the Company's contracts, including MSAs, may be terminated by the customer on short notice, typically 30 to 90 days, even if the Company is not in default under the contract. Under MSAs, customers generally agree to use the Company for certain services in a specified geographic region. Most MSAs include no obligation for the contract counterparty to assign specific volumes of work to the Company and do not require the counterparty to use the Company exclusively, although in some cases the MSA contract gives the Company a right of first refusal for certain work. Additional information related to the Company's market types is provided in Note 10—Segment Information.

The components of the Company's revenue by contract type for the three months ended March 31, 2024 and 2023 were as follows:

(dollars in thousands)	Three months ended March 31, 2024					
	T&D		C&I		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Fixed price	\$ 243,000	49.5 %	\$ 264,800	81.5 %	\$ 507,800	62.3 %
Unit price	136,125	27.8	16,336	5.0	152,461	18.7
T&E	111,270	22.7	44,031	13.5	155,301	19.0
	<u>\$ 490,395</u>	<u>100.0 %</u>	<u>\$ 325,167</u>	<u>100.0 %</u>	<u>\$ 815,562</u>	<u>100.0 %</u>
(dollars in thousands)	Three months ended March 31, 2023					
	T&D		C&I		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Fixed price	\$ 229,234	51.5 %	\$ 305,621	83.4 %	\$ 534,855	65.9 %
Unit price	113,709	25.5	17,642	4.8	131,351	16.2
T&E	102,381	23.0	43,029	11.8	145,410	17.9
	<u>\$ 445,324</u>	<u>100.0 %</u>	<u>\$ 366,292</u>	<u>100.0 %</u>	<u>\$ 811,616</u>	<u>100.0 %</u>

The components of the Company's revenue by market type for the three months ended March 31, 2024 and 2023 were as follows:

(dollars in thousands)	Three months ended March 31, 2024			Three months ended March 31, 2023		
	Amount	Percent	Segment	Amount	Percent	Segment
Transmission	\$ 313,926	38.5 %	T&D	\$ 298,098	36.7 %	T&D
Distribution	176,469	21.6	T&D	147,226	18.2	T&D
Electrical construction	325,167	39.9	C&I	366,292	45.1	C&I
Total revenue	<u>\$ 815,562</u>	<u>100.0 %</u>		<u>\$ 811,616</u>	<u>100.0 %</u>	

Remaining Performance Obligations

As of March 31, 2024, the Company had \$2.22 billion of remaining performance obligations. 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. The timing of when remaining performance obligations are recognized is evaluated quarterly and is largely driven by the estimated start date and duration of the underlying projects.

The following table summarizes the amount of remaining performance obligations as of March 31, 2024 that the Company expects to be realized and the amount of the remaining performance obligations that the Company reasonably estimates will be recognized within the next twelve months, and the amount estimated to be recognized after the next twelve months.

(in thousands)	Remaining Performance Obligations at March 31, 2024		
	Total	Amount estimated to be recognized within 12 months	Amount estimated to be recognized after 12 months
T&D	\$ 674,812	\$ 614,410	\$ 60,402
C&I	1,544,717	1,109,414	435,303
Total	<u>\$ 2,219,529</u>	<u>\$ 1,723,824</u>	<u>\$ 495,705</u>

The Company estimates approximately 95% or more of the remaining performance obligations will be recognized within twenty-four months, including approximately 80% of the remaining performance obligations estimated to be recognized within twelve months, although the timing of the Company's performance is not always under its control. The timing of when remaining performance obligations are recognized by the Company can vary considerably and is impacted by multiple variables including, but not limited to: changes in the estimated versus actual start time of a project; the availability of labor, equipment and materials; changes in project workflow; weather; project delays and accelerations; and the timing of final contract settlements. Additionally, the difference between the remaining performance obligations and backlog is due to the exclusion of a portion of the Company's MSAs 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 backlog is provided in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

7. Income Taxes

The U.S. federal statutory tax rate was 21% for each of the three months ended March 31, 2024 and 2023. The Company's effective tax rate for the three months ended March 31, 2024 was 18.0% of pretax income compared to the effective tax rate for the three months ended March 31, 2023 of 14.4%.

The difference between the U.S. federal statutory tax rate and the Company's effective tax rate for the three months ended March 31, 2024 and March 31, 2023, was primarily due to a favorable impact from stock compensation excess tax benefits partially offset by state income taxes, Canadian taxes and other permanent difference items.

The Company has recorded a liability for unrecognized tax benefits of approximately \$0.8 million and \$0.5 million as of March 31, 2024 and December 31, 2023, respectively, which were included in other liabilities in the accompanying consolidated balance sheets.

The Company's policy is to recognize interest and penalties related to income tax liabilities as a component of income tax expense in the consolidated statements of operations. The amount of interest and penalties charged to income tax expense related to unrecognized tax benefits was not significant for the three months ended March 31, 2024 and 2023.

The Company is subject to taxation in various jurisdictions. The Company's 2020 through 2022 tax returns are subject to examination by U.S. federal authorities. The Company's tax returns are subject to examination by various state authorities for the years 2019 through 2022.

8. Commitments and Contingencies

Purchase Commitments

As of March 31, 2024, the Company had approximately \$26.9 million in outstanding purchase orders for certain construction equipment, with cash payments scheduled to occur in 2024.

Insurance and Claims Accruals

The Company carries insurance policies, which are subject to certain deductibles and limits, for workers' compensation, general liability, automobile liability and other insurance coverage. The deductible per occurrence for each line of coverage is up to \$1.0 million. The Company's health benefit plans are subject to stop-loss limits of up to \$0.2 million for qualified individuals. Losses up to the deductible and stop-loss amounts are accrued based upon the Company's estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported.

The insurance and claims accruals are based on known facts, actuarial estimates and historical trends. While recorded accruals are based on the ultimate liability, which includes amounts in excess of the deductible, a corresponding receivable for amounts in excess of the deductible is included in current and long-term assets in the Company's consolidated balance sheets.

Performance and Payment Bonds and Parent Guarantees

In certain circumstances, the Company is required to provide performance and payment bonds in connection with its future performance on certain contractual commitments. The Company has indemnified its sureties for any expenses paid out under these bonds. As of March 31, 2024, an aggregate of approximately \$2.59 billion in original face amount of bonds issued by the Company's sureties were outstanding. The Company estimated the remaining cost to complete these bonded projects was approximately \$660.8 million as of March 31, 2024.

From time to time, the Company guarantees the obligations of wholly owned subsidiaries, including obligations under certain contracts with customers, certain lease agreements, and, in some states, obligations in connection with obtaining contractors' licenses. Additionally, from time to time the Company is required to post letters of credit to guarantee the obligations of wholly owned subsidiaries, which reduces the borrowing availability under the Facility.

Indemnities

From time to time, pursuant to its service arrangements, the Company indemnifies its customers for claims related to the services it provides under those service arrangements. These indemnification obligations may subject the Company to indemnity claims, liabilities and related litigation. The Company is not aware of any material unrecorded liabilities for asserted claims in connection with these indemnification obligations.

Collective Bargaining Agreements

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

Litigation and Other Legal Matters

The Company is from time to time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief.

The Company is routinely subject to other civil claims, litigation and arbitration, and regulatory investigations arising in the ordinary course of business. These claims, lawsuits and other proceedings include claims related to the Company's current services and operations, as well as our historic operations.

With respect to all such lawsuits, claims and proceedings, the Company records reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that any of these proceedings, separately or in the aggregate, would be expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

9. Stock-Based Compensation

The Company maintains an equity compensation plan under which stock-based compensation has been granted: the 2017 Long-Term Incentive Plan (Amended and Restated as of April 23, 2020) (the "LTIP"). The LTIP was approved by our shareholders and provides for grants of (a) incentive stock options qualified as such under U.S. federal income tax laws, (b) stock options that do not qualify as incentive stock options, (c) stock appreciation rights, (d) restricted stock awards, (e) restricted stock units, (f) performance awards, (g) phantom stock, (h) stock bonuses, (i) dividend equivalents, or (j) any combination of such grants. The Company has outstanding grants of time-vested stock awards in the form of restricted stock units and internal metric-based and market-based performance stock units.

During the three months ended March 31, 2024, the Company granted time-vested stock awards covering 35,743 shares of common stock under the LTIP, which vest ratably over three years for employee awards, at a weighted average grant date fair value of \$172.52. During the three months ended March 31, 2024, time-vested stock awards covering 36,015 shares of common stock vested at a weighted average grant date fair value of \$94.84.

During the three months ended March 31, 2024, the Company granted 29,566 performance share awards under the LTIP at target, which will cliff vest, if earned, on December 31, 2026, at a weighted average grant date fair value of \$197.89. The number of shares ultimately earned under a performance award may vary from zero to 200% of the target shares granted, based upon the Company's performance compared to certain financial and other metrics. The metrics used were determined at the time of the grant by the Compensation Committee of the Board of Directors and were either based on internal measures, such as the Company's financial performance compared to targets, or on a market-based metric, such as the Company's stock performance compared to a peer group. Performance awards granted cliff vest following the performance period if the stated performance targets and minimum service requirements are attained and are paid in shares of the Company's common stock.

The Company recognizes stock-based compensation expense related to restricted stock units based on the grant date fair value, which was the closing price of the Company's stock on the date of grant. The fair value is expensed over the service period, which is generally three years.

For performance awards, the Company recognizes stock-based compensation expense based on the grant date fair value of the award. The fair value of internal metric-based performance awards is determined by the closing stock price of the Company's common stock on the date of the grant. The fair value of market-based performance awards is computed using a Monte Carlo simulation. Performance awards are expensed over the service period of approximately 2.8 years, and the Company adjusts the stock-based compensation expense related to internal metric-based performance awards according to its determination of the shares expected to vest at each reporting date.

10. Segment Information

MYR Group is a holding company of specialty contractors serving electrical utility infrastructure and commercial construction markets in the United States and Canada. The Company has two reporting segments, each a separate operating segment, which are referred to as T&D and C&I. Performance measurement and resource allocation for the reporting segments are based on many factors. The primary financial measures used to evaluate the segment information are contract revenues and income from operations, excluding general corporate expenses. General corporate expenses include corporate facility and staffing costs, which include safety costs, professional fees, IT expenses and management fees. The accounting policies of the segments are the same as those described in the Note 1–Organization, Business and Significant Accounting Policies to the 2023 Annual Report.

Transmission and Distribution: The T&D segment provides a broad range of services on electric transmission and distribution networks and substation facilities which include design, engineering, procurement, construction, upgrade, maintenance and repair services with a particular focus on construction, maintenance and repair. T&D services include the construction and maintenance of high voltage transmission lines, substations and lower voltage underground and overhead distribution systems, clean energy projects and electric vehicle charging infrastructure. The T&D segment also provides emergency restoration services. T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors.

Commercial and Industrial: The C&I segment provides services such as the design, installation, maintenance and repair of commercial and industrial wiring, the installation of intelligent transportation systems, roadway lighting, signalization and electric vehicle charging infrastructure. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, stadiums, commercial and industrial facilities, clean energy projects, manufacturing plants, processing facilities, water/waste-water treatment facilities, mining facilities, and transportation control and management systems. The C&I segment generally provides electric construction and maintenance services as a subcontractor to general contractors in the C&I industry, but also contracts directly with facility owners. The C&I segment has a diverse customer base with many long-standing relationships.

The information in the following table is derived from the segment’s internal financial reports used for corporate management purposes:

(in thousands)	Three months ended March 31,	
	2024	2023
Contract revenues:		
T&D	\$ 490,395	\$ 445,324
C&I	325,167	366,292
	<u>\$ 815,562</u>	<u>\$ 811,616</u>
Income from operations:		
T&D	\$ 29,837	\$ 32,821
C&I	11,423	10,627
General Corporate	(16,989)	(16,022)
	<u>\$ 24,271</u>	<u>\$ 27,426</u>

11. Earnings Per Share

The Company computes earnings per share using the treasury stock method. Under the treasury stock method, basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the period, and diluted earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the period plus all potentially dilutive common stock equivalents, except in cases where the effect of the common stock equivalent would be anti-dilutive.

Net income and the weighted average number of common shares used to compute basic and diluted earnings per share were as follows:

(in thousands, except per share data)	Three months ended March 31,	
	2024	2023
Numerator:		
Net income	\$ 18,939	\$ 23,163
Denominator:		
Weighted average common shares outstanding	16,711	16,618
Weighted average dilutive securities	126	206
Weighted average common shares outstanding, diluted	16,837	16,824
Income per common share:		
Basic	\$ 1.13	\$ 1.39
Diluted	\$ 1.12	\$ 1.38

For the three months ended March 31, 2024 and 2023, certain common stock equivalents were excluded from the calculation of dilutive securities because their inclusion would have been anti-dilutive.

The following table summarizes the shares of common stock underlying the Company's unvested time-vested stock awards and performance awards that were excluded from the calculation of dilutive securities:

(in thousands)	Three months ended March 31,	
	2024	2023
Time-vested stock awards	36	45
Performance awards	30	33

Share Repurchases

During the three months ended March 31, 2024 the Company repurchased 36,397 shares of stock, for approximately \$5.9 million, from its employees to satisfy tax obligations on shares vested under the LTIP. During the three months ended March 31, 2023 the Company repurchased 76,150 shares of stock, for approximately \$7.9 million, from its employees to satisfy tax obligations on shares vested under the LTIP.

On November 1, 2023, the Company announced that its Board of Directors had authorized a \$75.0 million share repurchase program (the "Repurchase Program"), which became effective on November 9, 2023. The Repurchase Program will expire on May 8, 2024, or when the authorized funds are exhausted, whichever is earlier. During the three months ended March 31, 2024, the Company had no repurchases of its common stock under the Repurchase Program. As of March 31, 2024, the Company had \$72.5 million of remaining availability to repurchase shares of the Company's common stock under the Repurchase Program.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis provides a narrative on the Company's financial performance and condition that should be read in conjunction with the accompanying unaudited consolidated financial statements and with our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"). 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 management's expectations. Factors that could cause such differences are discussed herein under the captions "Cautionary Statement Concerning Forward-Looking Statements and Information" and "Risk Factors," as well as in the 2023 Annual Report. We assume no obligation to update any of these forward-looking statements.

Overview and Outlook

We are a holding company of specialty electrical construction service providers that was established in 1995 through the merger of long-standing specialty contractors. Through our subsidiaries, we serve the electric utility infrastructure, commercial and industrial construction markets. We manage and report our operations through two electrical contracting service segments: Transmission and Distribution ("T&D") and Commercial and Industrial ("C&I").

We have operated in the transmission and distribution industry since 1891. We are one of the largest U.S. contractors servicing the T&D sector of the electric utility industry and provide T&D services throughout the United States and in Ontario, Canada. Our T&D customers include many of the leading companies in the electric utility industry. We have provided electrical contracting services for commercial and industrial construction since 1912. Our C&I segment provides services in the United States and in western Canada. Our C&I customers include facility owners and general contractors. We strive to maintain our status as a preferred provider to our T&D and C&I customers.

We believe that we have a number of competitive advantages in both of our segments, including our skilled workforce, extensive centralized fleet, proven safety performance and reputation for timely completion of quality work that allows us to compete favorably in our markets. In addition, we believe that we are better capitalized than some of our competitors, which provides us with valuable flexibility to take on additional and more complex projects.

We believe legislative actions aimed at supporting infrastructure improvements in the United States may positively impact long-term demand, particularly in connection with electric power infrastructure, transportation and clean energy spending. We believe the legislative actions are likely to provide greater long-term opportunity in both of our reporting segments. However, we expect our financial results, in both of our segments, to continue to be affected by delays and cost volatility through 2024, due to supply chain disruptions, inflationary pressures, tariffs and regulatory slowdowns. These factors will cause us to carry impacted projects at lower margins until their completion and may result in decelerations in project opportunities and awards.

We had consolidated revenues for the three months ended March 31, 2024 of \$815.6 million, of which 60.1% was attributable to our T&D customers and 39.9% was attributable to our C&I customers. Our consolidated revenues for the three months ended March 31, 2023 were \$811.6 million. For the three months ended March 31, 2024, our net income and EBITDA⁽¹⁾ were \$18.9 million and \$39.8 million, respectively, compared to \$23.2 million and \$41.3 million, respectively, for the three months ended March 31, 2023.

We believe there is an ongoing need for utilities to sustain investment in their transmission systems to improve reliability, reduce congestion and connect to new clean energy sources. Consequently, we believe that we will continue to see continued bidding activity on large transmission projects going forward. The timing of multi-year transmission project awards and substantial construction activity is difficult to predict due to regulatory requirements and the permitting needed to commence construction. Significant construction on any large, multi-year projects awarded in the remainder of 2024 will not likely have a large impact on 2024 results. Bidding and construction activity for small to medium-size transmission projects and upgrades remain active, and we expect this trend to continue.

We believe there is a need for further investment by utilities on their distribution systems to properly maintain or meet reliability requirements. We continue to see strong bidding activity in some of our electric distribution markets. We believe the increased storm activity and destruction caused by wildfires will cause a push to strengthen utility distribution systems against catastrophic damage. Distribution systems may also require upgrades to accommodate additional distributed energy resources and increased electrification. We expect to see an incremental increase in distribution opportunities in some of the markets we serve during the rest of 2024.

⁽¹⁾ EBITDA is a non-GAAP measure. Refer to "Non-GAAP Measure—EBITDA" for a discussion of this measure.

Although our C&I bidding opportunities remain strong, we may see impacts due to continued market disruptions and overall market volatility which could result in slower growth of our C&I segment. We believe that the primary markets we serve such as health care, transportation, data centers, warehousing, clean energy and water/waste-water projects, may be somewhat less vulnerable to an economic slowdown.

In addition, the United States has experienced decades of underfunded economic expansion and aging infrastructure that have challenged the capacity of public water and transportation infrastructure forcing states and municipalities to seek creative means to fund needed expansion and repair. We believe the need for expanding public infrastructure will offer opportunity in our C&I segment for several years. Legislation and regulation that promotes domestic manufacturing could also create opportunity for our C&I segment. We expect the long-term growth in our C&I segment to generally track the overall growth of the regions we serve.

We continue to implement strategies that are designed to further expand our capabilities and effectively allocate capital. We have focused on strengthening our balance sheet by maintaining a low level of variable rate outstanding debt in the current higher interest rate environment and by increasing our revolving credit facility to \$490 million on May 31, 2023. This expanded availability of liquidity will allow us to take advantage of future opportunities as they arise. Additionally, as of March 31, 2024, we had \$72.5 million of remaining availability to purchase shares under our share repurchase program, which continues in effect until May 8, 2024, or until the authorized funds are exhausted.

We continue to manage our increasing operating costs, including increasing insurance, equipment, labor and material costs. We believe that our financial position, positive cash flows and other operational strengths will enable us to respond to challenges and uncertainties in the markets we serve and give us the flexibility to successfully execute our strategy. We continue to invest in developing key management and craft personnel in both our T&D and C&I segments and in procuring the specific specialty equipment and tooling needed to win and execute projects of all sizes and complexity.

Backlog

We refer to our estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, less the revenue we have recognized under such contracts, as “backlog.” A customer’s intention to award us work under a fixed-price contract is not included in backlog unless there is an actual written award to perform a specific scope of work at specific terms and pricing. For many of our unit-price, time-and-equipment, time-and-materials and cost plus contracts, we only include projected revenue for a three-month period in the calculation of backlog, although these types of contracts are generally awarded as part of master service agreements that typically have a one-year to three-year duration from execution. Backlog may not accurately represent the revenues that we expect to realize during any particular period. Several factors, such as the timing of contract awards, the type and duration of contracts, and the mix of subcontractor and material costs in our projects, can impact our backlog at any point in time. Some of our revenue does not appear in our periodic backlog reporting because the award of the project, as well as the execution of the work, may all take place within the period. Our 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. Backlog should not be relied upon as a stand-alone indicator of future events.

The difference between our backlog and remaining performance obligations is due to the exclusion of a portion of our master service agreements under certain contract types from our remaining performance obligations as these contracts can be canceled for convenience at any time by us or the customer without considerable cost incurred by the customer. Our estimated backlog also includes our proportionate share of unconsolidated joint venture contracts. Additional information related to our remaining performance obligations is provided in Note 6—Revenue Recognition in the accompanying notes to our Consolidated Financial Statements.

Our backlog was \$2.43 billion at March 31, 2024, compared to \$2.51 billion at December 31, 2023 and \$2.67 billion at March 31, 2023. Our backlog at March 31, 2024 decreased \$87.1 million from December 31, 2023. Backlog in the T&D segment decreased \$106.4 million and C&I backlog increased \$19.3 million compared to December 31, 2023. Our backlog as of March 31, 2024 included our proportionate share of joint venture backlog totaling \$4.0 million, compared to \$18.9 million at December 31, 2023.

The following table summarizes that amount of our backlog that we believe to be firm as of the dates shown and the amount of our current backlog that we reasonably estimate will not be recognized within the next twelve months, and the amount estimated to be recognized after the next twelve months:

(in thousands)	Backlog at March 31, 2024			Total backlog at December 31, 2023
	Total	Amount estimated to be recognized within 12 months	Amount estimated to be recognized after 12 months	
T&D	\$ 853,183	\$ 792,781	\$ 60,402	\$ 959,553
C&I	1,572,134	1,136,831	435,303	1,552,846
Total	\$ 2,425,317	\$ 1,929,612	\$ 495,705	\$ 2,512,399

Consolidated Results of Operations

The following table sets forth selected consolidated statements of operations data and such data as a percentage of revenues for the periods indicated:

(dollars in thousands)	Three months ended March 31,			
	2024		2023	
	Amount	Percent	Amount	Percent
Contract revenues	\$ 815,562	100.0 %	\$ 811,616	100.0 %
Contract costs	729,319	89.4	727,224	89.6
Gross profit	86,243	10.6	84,392	10.4
Selling, general and administrative expenses	62,233	7.6	56,964	7.0
Amortization of intangible assets	1,228	0.2	1,226	0.2
Gain on sale of property and equipment	(1,489)	(0.2)	(1,224)	(0.2)
Income from operations	24,271	3.0	27,426	3.4
Other income (expense):				
Interest income	142	—	321	—
Interest expense	(1,054)	(0.1)	(586)	(0.1)
Other expense, net	(263)	—	(90)	—
Income before provision for income taxes	23,096	2.9	27,071	3.3
Income tax expense	4,157	0.6	3,908	0.4
Net income	\$ 18,939	2.3 %	\$ 23,163	2.9 %

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Revenues. Revenues increased \$4.0 million or 0.5%, to \$815.6 million for the three months ended March 31, 2024 from \$811.6 million for the three months ended March 31, 2023. The increase was primarily due to an increase of \$29.3 million in revenue on distribution projects and an increase of \$15.8 million in revenue on transmission projects, offset by a decrease of \$41.1 million in C&I revenue.

Gross margin. Gross margin for the three months ended March 31, 2024 increased to 10.6% compared to 10.4% for the three months ended March 31, 2023. Favorable joint venture results increased gross margin by approximately 0.6% during the three months ended March 31, 2024. This improvement in gross margin was partially offset by significant changes in our estimated gross profit on certain projects resulting in a net gross margin decrease of 1.2% for the three months ended March 31, 2024, compared to a net decrease of 0.6% for the three months ended March 31, 2023. During the three months ended March 31, 2024, significant estimate changes negatively impacted gross margin by 3.0%, largely related to labor and project inefficiencies, some of which were caused by inclement weather experienced on certain projects, rising costs associated with supply chain disruptions, an unfavorable change order and an unfavorable job closeout. In addition, significant estimate changes in gross profit positively impacted gross margin by 1.8% and mainly related to better-than-anticipated productivity, favorable change orders and a favorable job closeout.

Gross profit. Gross profit was \$86.2 million for the three months ended March 31, 2024 compared to \$84.4 million for the three months ended March 31, 2023. The increase of \$1.8 million, or 2.2%, was due to higher revenues and higher margin.

Selling, general and administrative expenses. Selling, general and administrative expenses were \$62.2 million for the three months ended March 31, 2024 compared to \$57.0 million for the three months ended March 31, 2023. The period-over-period increase of \$5.2 million was primarily due to an increase in employee-related expenses, an increase of \$1.7 million related to contingent compensation expense related to a prior acquisition and an increase in employee incentive compensation costs.

Gain on sale of property and equipment. Gains from the sale of property and equipment for the three months ended March 31, 2024 were \$1.5 million compared to \$1.2 million for the three months ended March 31, 2023. Gains from the sale of property and equipment are attributable to routine sales of property and equipment no longer useful or valuable to our ongoing operations.

Interest expense. Interest expense was \$1.1 million for three months ended March 31, 2024 compared to \$0.6 million for the three months ended March 31, 2023. This increase was attributable to higher average outstanding debt balances and higher interest rates, during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

Income tax expense. Income tax expense was \$4.2 million for the three months ended March 31, 2024, with an effective tax rate of 18.0%, compared to the expense of \$3.9 million for the three months ended March 31, 2023, with an effective tax rate of 14.4%. The increase in the tax rate for the three months ended March 31, 2024 was primarily due to lower stock compensation excess tax benefits and higher other permanent difference items.

Net income. Net income was \$18.9 million for the three months ended March 31, 2024 compared to \$23.2 million for the three months ended March 31, 2023. The decrease was primarily due to the reasons stated earlier.

Segment Results

The following table sets forth, for the periods indicated, statements of operations data by segment, segment net sales as percentage of total net sales and segment operating income as a percentage of segment net sales:

(dollars in thousands)	Three months ended March 31,			
	2024		2023	
	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	\$ 490,395	60.1 %	\$ 445,324	54.9 %
Commercial & Industrial	325,167	39.9	366,292	45.1
Total	\$ 815,562	100.0 %	\$ 811,616	100.0 %
Operating income (loss):				
Transmission & Distribution	\$ 29,837	6.1 %	\$ 32,821	7.4 %
Commercial & Industrial	11,423	3.5	10,627	2.9
Total	41,260	5.1	43,448	5.4
General Corporate	(16,989)	(2.1)	(16,022)	(2.0)
Consolidated	\$ 24,271	3.0 %	\$ 27,426	3.4 %

Transmission & Distribution

Revenues for our T&D segment for the three months ended March 31, 2024 were \$490.4 million compared to \$445.3 million for the three months ended March 31, 2023, an increase of \$45.1 million, or 10.1%. The increase in revenue was related to an increase of \$29.3 million in revenue on distribution projects and an increase of \$15.8 million in revenue on transmission projects. Revenues from transmission projects represented 64.0% and 66.9% of T&D segment revenue for the three months ended March 31, 2024 and 2023, respectively.

Operating income for our T&D segment for the three months ended March 31, 2024 was \$29.8 million, a decrease of \$3.0 million, or 9.1%, from the three months ended March 31, 2023. As a percentage of revenues, operating income for our T&D segment was 6.1% for the three months ended March 31, 2024 compared to 7.4% for the three months ended March 31, 2023. Operating income margin was impacted by significant changes in our estimated gross profit on certain projects resulting in a net operating income margin decrease of 2.5% for the three months ended March 31, 2024, compared to a net decrease of 0.5% for the three months ended March 31, 2023. During the three months ended March 31, 2024, significant estimated gross profit changes negatively impacted operating income as a percentage of revenues by 3.1% and largely related to labor and project inefficiencies, most of which related to clean energy projects, primarily in one geographic area that also experienced inclement weather, as well as an unfavorable change order. These decreases were partially offset by positive significant estimated gross profit changes totaling 0.5% of revenues mostly related to better-than-anticipated productivity. Additionally, T&D operating income margin was positively impacted by an increase in work in progress, partially offset by higher fleet depreciation and maintenance expenses.

Commercial & Industrial

Revenues for our C&I segment for the three months ended March 31, 2024 were \$325.2 million compared to \$366.3 million for the three months ended March 31, 2023, a decrease of \$41.1 million, or 11.2%, which was primarily due to the delayed start of certain projects, that are expected to begin later in 2024. The decrease in revenue was related to a decrease of \$40.8 million in revenue on fixed priced contracts and a decrease of \$1.3 million in revenues on unit price work, partially offset by an increase of \$1.0 million on T&E contracts.

Operating income for our C&I segment for the three months ended March 31, 2024 was \$11.4 million, an increase of \$0.8 million, over the three months ended March 31, 2023. As a percentage of revenues, operating income for our C&I segment was 3.5% for the three months ended March 31, 2024 compared to 2.9% for the three months ended March 31, 2023. Operating income margin was impacted by significant changes in our estimated gross profit on certain projects resulting in a net operating income margin increase of 0.8% for the three months ended March 31, 2024, compared to a net decrease of 0.7% for the three months ended March 31, 2023. Significant estimated gross profit changes positively impacted operating income as a percentage of revenues by 3.8% and largely related to better-than-anticipated productivity, some of which related to clean energy projects, favorable change orders and a favorable job closeout. These increases were partially offset by negative significant estimated gross profit changes totaling 3.0% of revenues largely related to labor and project inefficiencies, some of which were caused by supply chain disruptions and an unfavorable change order. Additionally, C&I operating income margin was positively impacted by approximately 1.4% due to favorable joint venture results, this increase was partially offset by a decrease in work in progress, higher contingent compensation expense related to a prior acquisition and higher fleet depreciation and maintenance expenses.

Non-GAAP Measure—EBITDA

We define EBITDA, a performance measure used by management, as net income plus interest expense net of interest income, provision for income taxes and depreciation and amortization. EBITDA, a non-GAAP financial measure, does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. We believe that EBITDA is useful to investors and other external users of our Consolidated Financial Statements in evaluating our operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, useful lives placed on assets, capital structure and the method by which assets were acquired. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from, the presentation of EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations.

Using EBITDA as a performance measure has material limitations as compared to net income, or other financial measures as defined under accounting principles generally accepted in the United States of America (“U.S. GAAP”), as it excludes certain recurring items, which may be meaningful to investors. EBITDA excludes interest expense net of interest income; however, as we have borrowed money to finance transactions and operations, or invested available cash to generate interest income, interest expense and interest income are elements of our cost structure and can affect our ability to generate revenue and returns for our shareholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense net of interest income, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA to net income in each period, to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after-tax basis. Using both EBITDA and net income to evaluate the business allows management and investors to (a) assess our relative performance against our competitors and (b) monitor our capacity to generate returns for our shareholders.

The following table provides a reconciliation of net income to EBITDA:

(in thousands)	Three months ended March 31,	
	2024	2023
Net income	\$ 18,939	\$ 23,163
<i>Add:</i>		
Interest expense, net	912	265
Income tax expense	4,157	3,908
Depreciation & amortization	15,830	13,989
EBITDA	<u>\$ 39,838</u>	<u>\$ 41,325</u>

We also use EBITDA as a liquidity measure. Certain material covenants contained within our credit agreement (the “Credit Agreement”) are based on EBITDA with certain additional adjustments. Non-compliance with these financial covenants under the Credit Agreement — our interest coverage ratio which is defined in the Credit Agreement as Consolidated EBITDA (as defined in the Credit Agreement) divided by interest expense (as defined in the Credit Agreement) and our net leverage ratio, which is defined in the Credit Agreement as Total Net Indebtedness (as defined in the Credit Agreement), divided by Consolidated EBITDA (as defined in the Credit Agreement) — could result in our lenders requiring us to immediately repay all amounts borrowed. If we anticipated a potential covenant violation, we would seek relief from our lenders, likely causing us to incur additional cost, and such relief might not be available, or if available, might not be on terms as favorable as those in the Credit Agreement. In addition, if we cannot satisfy these financial covenants, we would be prohibited under the Credit Agreement from engaging in certain activities, such as incurring additional indebtedness, making certain payments, and acquiring or disposing of assets. Based on the information above, management believes that the presentation of EBITDA as a liquidity measure is useful to investors and relevant to their assessment of our capacity to service or incur debt, fund capital expenditures, finance acquisitions and expand our operations.

The following table provides a reconciliation of net cash flows provided by operating activities to EBITDA:

(in thousands)	Three months ended March 31,	
	2024	2023
Provided by Operating Activities:		
Net cash flows provided by operating activities	\$ 7,690	\$ 37,158
<i>Add/(subtract):</i>		
Changes in operating assets and liabilities	28,163	814
Adjustments to reconcile net income to net cash flows provided by operating activities	(16,914)	(14,809)
Depreciation & amortization	15,830	13,989
Income tax expense	4,157	3,908
Interest expense, net	912	265
EBITDA	<u>\$ 39,838</u>	<u>\$ 41,325</u>

Liquidity, Capital Resources and Material Cash Requirements

As of March 31, 2024, we had working capital of \$293.8 million. We define working capital as current assets less current liabilities. During the three months ended March 31, 2024, operating activities of our business provided net cash of \$7.7 million, compared to \$37.2 million of cash provided for the three months ended March 31, 2023. Cash flow from operations is primarily influenced by operating margins, timing of contract performance and the type of services we provide to our customers. The \$29.5 million year-over-year decrease in cash provided by operating activities was primarily due to unfavorable net changes in operating assets and liabilities of \$27.3 million, and a decrease of \$4.2 million in net income. The unfavorable change in operating assets and liabilities was primarily due to the net unfavorable year-over-year changes in various working capital accounts that relate primarily to construction activities (accounts receivable, contract assets, accounts payable and contract liabilities) of \$33.7 million, partially offset by the favorable change of \$9.9 million in other liabilities. The net unfavorable changes of \$33.7 million in cash provided by working capital accounts, mainly related to construction activities, was due to the timing of billings and payments under our contracts. The favorable change of \$9.9 million in other liabilities was primarily due to the timing of employee related wage and tax payments.

In the three months ended March 31, 2024, we used net cash of \$23.9 million in investing activities consisting of \$25.8 million for capital expenditures, partially offset by \$1.9 million of proceeds from the sale of equipment.

In the three months ended March 31, 2024, financing activities used net cash of \$4.5 million, consisting primarily of \$5.9 million of shares repurchased to satisfy tax obligations under our stock compensation programs and \$2.6 million of payments under our equipment notes, partially offset by \$4.3 million of net borrowings under our revolving line of credit.

We believe our \$434.3 million borrowing availability under our revolving line of credit as of March 31, 2024, future cash flow from operations and our ability to utilize short-term and long-term leases will provide sufficient liquidity for our short-term and long-term needs. Our primary short-term liquidity needs include cash for operations, debt service requirements, capital expenditures, and acquisition and joint venture opportunities. We believe we have adequate sources of liquidity to meet our long-term liquidity needs and foreseeable material cash requirements, including those associated with funding future acquisition opportunities. We continue to invest in developing key management and craft personnel in both our T&D and C&I segments and in procuring the specific specialty equipment and tooling needed to win and execute projects of all sizes and complexity.

We have not historically paid dividends and currently do not expect to pay dividends.

Debt Instruments

Credit Agreement

On May 31, 2023, the Company entered into a five-year third amended and restated credit agreement (the “Credit Agreement”) with a syndicate of banks led by JPMorgan Chase Bank, N.A. and Bank of America, N.A. that provides for a \$490 million revolving credit facility (the “Facility”), subject to certain financial covenants as defined in the Credit Agreement. The Facility allows for revolving loans in Canadian dollars and other non-US currencies, up to the U.S. dollar equivalent of \$150 million. Up to \$75 million of the Facility may be used for letters of credit, with an additional \$75 million available for letters of credit, subject to the sole discretion of each issuing bank. The Facility also allows for \$15 million to be used for swingline loans. The Company has an expansion option to increase the commitments under the Facility or enter into incremental term loans, subject to certain conditions, by up to an additional \$200 million upon receipt of additional commitments from new or existing lenders. Subject to certain exceptions, the Facility is secured by substantially all of the assets of the Company and its domestic subsidiaries, and by a pledge of substantially all of the capital stock of the Company’s domestic subsidiaries and 65% of the capital stock of the direct foreign subsidiaries of the Company. Additionally, subject to certain exceptions, the Company’s domestic subsidiaries also guarantee the repayment of all amounts due under the Credit Agreement. The Credit Agreement provides for customary events of default. If an event of default occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Facility may be accelerated and may become or be declared immediately due and payable. Borrowings under the Credit Agreement are used to refinance existing indebtedness, and to provide for future working capital, capital expenditures, acquisitions and other general corporate purposes.

Amounts borrowed under the Credit Agreement bear interest, at the Company’s option, at a rate equal to either (1) the Alternate Base Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 0.25% to 1.00%; or (2) the Term Benchmark Rate (as defined in the Credit Agreement) plus an applicable margin ranging from 1.25% to 2.00%. The applicable margin is determined based on the Company’s Net Leverage Ratio (as defined in the Credit Agreement). The Credit Agreement establishes Adjusted Term Secured Overnight Financing Rate (“SOFR”) (as defined in the Credit Agreement) as the benchmark rate in replacement of LIBOR. Letters of credit issued under the Facility are subject to a letter of credit fee of 1.25% to 2.00% for non-performance letters of credit or 0.625% to 1.00% for performance letters of credit, based on the Company’s Net Leverage Ratio. The Company is subject to a commitment fee of 0.20% to 0.30%, based on the Company’s Net Leverage Ratio, on any unused portion of the Facility. The Credit Agreement restricts certain types of payments when the Company’s Net Leverage Ratio, after giving pro forma effect thereto, exceeds 2.75.

Under the Credit Agreement, the Company is subject to certain financial covenants including a maximum Net Leverage Ratio of 3.0 and a minimum Interest Coverage Ratio (as defined in the Credit Agreement) of 3.0. The Credit Agreement also contains covenants including limitations on asset sales, investments, indebtedness and liens. The Company was in compliance with all of its financial covenants under the Credit Agreement as of March 31, 2024.

We had \$17.5 million and \$13.2 million of borrowings outstanding under the Facility as of March 31, 2024 and December 31, 2023, respectively.

Letters of Credit

Some of our vendors require letters of credit to ensure reimbursement for amounts they are disbursing on our behalf, such as to beneficiaries under our insurance programs. In addition, from time-to-time, certain customers require us to post letters of credit to ensure payment to our subcontractors and vendors under those contracts and to guarantee performance under our contracts. Such letters of credit are generally issued by a bank or similar financial institution. The letter of credit commits the issuer to pay specified amounts to the holder of the letter of credit if the holder claims that we have failed to perform specified actions in accordance with the terms of the letter of credit. If this were to occur, we would be required to reimburse the issuer of the letter of credit. Depending on the circumstances of such a reimbursement, we may also have to record a charge to earnings for the reimbursement. Currently, we do not believe it is likely that any claims will be made under any letter of credit.

As of March 31, 2024, we had \$38.2 million in letters of credit outstanding under our Credit Agreement, including \$27.1 million related to the Company’s payment obligation under its insurance programs and approximately \$11.1 million related to contract performance obligations. As of December 31, 2023, we had \$34.4 million in letters of credit outstanding under our previous credit agreement, including \$27.1 million related to the Company’s payment obligations under its insurance programs and approximately \$7.3 million related to contract performance obligations.

Equipment Notes

We have entered into multiple Master Loan Agreements with multiple finance companies. The Master Loan Agreements may be used for financing of equipment between us and the lenders pursuant to one or more equipment notes ("Equipment Notes"). Each Equipment Note constitutes a separate, distinct and independent financing of equipment and contractual obligation.

As of March 31, 2024 and December 31, 2023, we had two outstanding Equipment Notes collateralized by equipment and vehicles owned by us. As of March 31, 2024 and December 31, 2023, we also had one other equipment note outstanding collateralized by a vehicle owned by us. The outstanding balance of all equipment notes was \$20.4 million as of March 31, 2024 and \$23.0 million as of December 31, 2023. As of March 31, 2024, we had outstanding short-term and long-term equipment notes of approximately \$6.6 million and \$13.8 million, respectively. As of December 31, 2023, we had outstanding short-term and long-term Equipment Notes of approximately \$7.1 million and \$16.0 million, respectively.

Lease Obligations

From time to time, the Company enters into non-cancelable leases for some of our facility, vehicle and equipment needs. These leases allow the Company to conserve cash by paying a monthly lease rental fee for the use of facilities, vehicles and equipment rather than purchasing them. The Company's leases have remaining terms ranging from one to ten years, some of which may include options to extend the leases for up to six years, and some of which may include options to terminate the leases within one year. Typically, the Company has purchase options on the equipment underlying its long-term leases and many of its short-term rental arrangements. The Company may exercise some of these purchase options when the need for equipment is on-going and the purchase option price is attractive.

The outstanding balance of operating lease obligations was \$38.5 million as of March 31, 2024, consisting of short-term and long-term operating lease obligations of approximately \$9.9 million and \$28.6 million, respectively. The outstanding balance of operating lease obligations was \$35.0 million as of December 31, 2023, consisting of short-term and long-term operating lease obligations of approximately \$9.2 million and \$25.8 million, respectively.

The outstanding balance of finance lease obligations was \$2.0 million as of March 31, 2024, consisting of short-term and long-term finance lease obligations of approximately \$1.8 million and \$0.2 million, respectively. As of December 31, 2023 we had \$2.3 million outstanding finance lease obligations, consisting of short-term and long-term finance lease obligations of approximately \$2.0 million and \$0.3 million, respectively.

Purchase Commitments for Construction Equipment

As of March 31, 2024, we had approximately \$26.9 million in outstanding purchase obligations for certain construction equipment to be paid with cash outlays scheduled to occur in 2024.

Performance and Payment Bonds and Parent Guarantees

Many customers, particularly in connection with new construction, require us to post performance and payment bonds issued by a financial institution known as a surety. These bonds provide a guarantee to the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. If we fail to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. We must reimburse our sureties for any expenses or outlays they incur. Under our continuing indemnity and security agreements with the issuers of the bonds, we may be required to grant them a security interest relating to a particular project. We believe that it is unlikely that we will have to fund significant claims under our surety arrangements. As of March 31, 2024, an aggregate of approximately \$2.59 billion in original face amount of bonds issued by our sureties were outstanding. Our estimated remaining cost to complete these bonded projects was approximately \$660.8 million as of March 31, 2024.

From time to time, we guarantee the obligations of our wholly owned subsidiaries, including obligations under certain contracts with customers, certain lease agreements, and, in some states, obligations in connection with obtaining contractors' licenses. Additionally, from time to time, we are required to post letters of credit to guarantee the obligations of our wholly owned subsidiaries, which reduces the borrowing availability under our credit facility.

Concentration of Credit Risk

We grant trade credit under normal payment terms, generally without collateral, to our customers, which include high credit quality electric utilities, governmental entities, general contractors and builders, owners and managers of commercial and industrial properties located in the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally have certain statutory lien rights with respect to services provided. Under certain circumstances such as foreclosures or negotiated settlements, we may take title to the underlying assets in lieu of cash in settlement of receivables. As of March 31, 2024 and 2023, none of our customers individually exceeded 10% of consolidated accounts receivable. Management believes the terms and conditions in its contracts, billing and collection policies are adequate to minimize the potential credit risk.

New Accounting Pronouncements

For a discussion regarding new accounting pronouncements, please refer to Note 1—Organization, Business and Basis of Presentation—Recent Accounting Pronouncements in the accompanying notes to our Consolidated Financial Statements.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates. For further information regarding our critical accounting policies and estimates, please refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies” included in our 2023 Annual Report.

Cautionary Statement Concerning Forward-Looking Statements and Information

We are including the following discussion to inform you of some of the risks and uncertainties that can affect our company and to take advantage of the protections for forward-looking statements that applicable federal securities law affords.

Statements in this Quarterly Report on Form 10-Q contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), which represent our management’s beliefs and assumptions concerning future events. When used in this document and in documents incorporated by reference, forward-looking statements include, without limitation, statements regarding financial forecasts or projections, and our expectations, beliefs, intentions or future strategies that are signified by the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “likely,” “may,” “objective,” “outlook,” “plan,” “project,” “possible,” “potential,” “should,” “unlikely,” or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update these statements (unless required by securities laws), and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict, and many of which are beyond our control. These and other important factors, including those discussed under the caption “Forward-Looking Statements” and in Item 1A. “Risk Factors” in our 2023 Annual Report, and in any risk factors or cautionary statements contained in our other filings with the Securities and Exchange Commission, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

These risks, contingencies and uncertainties include, but are not limited to, the following:

- Our operating results may vary significantly from period to period.
- Our industry is highly competitive.
- Negative economic and market conditions including tariffs on materials, interest rates and recessionary conditions have in the past and may in the future adversely impact our customers’ spending and, as a result, our operations and growth.

- We may be unsuccessful in generating internal growth, which could impact the projects available to the Company.
- Our inability to successfully execute or integrate acquisitions or joint ventures may have an adverse impact on our growth strategy and business.
- Project performance issues, including those caused by third parties, or certain contractual obligations have in the past and may in the future result in additional costs to us, reductions or delays in revenues or the payment of penalties, including liquidated damages.
- We may be unable to attract and retain qualified personnel.
- The timing of new contracts and termination of existing contracts may result in unpredictable fluctuations in our cash flows and financial results.
- During the ordinary course of our business, we have in the past and may in the future become subject to lawsuits or indemnity claims.
- Backlog may not be realized or may not result in profits and may not accurately represent future revenue.
- Our insurance has limits and exclusions that may not fully indemnify us against certain claims or losses, including claims resulting from wildfires or other natural disasters and an increase in cost, or the unavailability or cancellation of third-party insurance coverages would increase our overall risk exposure and could disrupt our operations and reduce our profitability.
- Risks associated with operating in the Canadian market could impact our profitability.
- Changes in tax laws or our interpretations of tax laws could materially impact our income tax liabilities.
- The nature of our business exposes us to potential liability for warranty claims and faulty engineering, which may reduce our profitability.
- Pandemic outbreaks of disease, such as the COVID-19 pandemic, have in the past had and may in the future have an adverse impact on our business, employees, liquidity, financial condition, results of operations and cash flows.
- Our dependence on suppliers, subcontractors and equipment manufacturers has in the past and may in the future expose us to the risk of loss in our operations.
- Our participation in joint ventures and other projects with third parties may expose us to liability for failures of our partners.
- Legislative or regulatory actions relating to electricity transmission and clean energy may impact demand for our services.
- We have in the past and may in the future incur liabilities and suffer negative financial or reputational impacts relating to occupational health and safety matters, including those related to environmental hazards such as wildfires and other natural disasters.
- Our failure to comply with environmental and other laws and regulations could result in significant liabilities.
- Our business may be affected by seasonal and other variations, including severe weather conditions and the nature of our work environment.
- Opportunities associated with government contracts could lead to increased governmental regulation applicable to us.
- We are subject to risks associated with climate change including financial risks and physical risks such as an increase in extreme weather events (such as floods, wildfires or hurricanes), rising sea levels and limitations on water availability and quality.
- Our use of percentage-of-completion accounting could result in a reduction or reversal of previously recognized revenues and profits.
- Our financial results are based upon estimates and assumptions that may differ from actual results.
- Our actual costs may be greater than expected in performing our fixed-price and unit-price contracts.
- An increase in the cost or availability for items such as materials, parts, commodities, equipment and tooling may also be impacted by trade regulations, tariffs, global relations, wars, taxes, transportation costs and inflation which could adversely affect our business.
- We may not be able to compete for, or work on, certain projects if we are not able to obtain necessary bonds, letters of credit, bank guarantees or other financial assurances.
- Unfavorable developments affecting the banking and financial services industry could adversely affect our business, liquidity and financial condition and overall results of operations.

- Work stoppages or other labor issues with our unionized workforce could adversely affect our business, and we may be subject to unionization attempts.
- Multi-employer pension plan obligations related to our unionized workforce could adversely impact our earnings.
- We rely on information, communications and data systems in our operations and we or our business partners may be subject to failures, interruptions or breaches of such systems, which could affect our operations or our competitive position, expose sensitive information or damage our reputation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations within the United States and Canada, and we are exposed to market risks in the ordinary course of our business, including the effects of fluctuations in interest rates, foreign exchange rates, and commodity prices.

As of March 31, 2024, we were not party to any derivative instruments. We did not use any material derivative financial instruments during the three months ended March 31, 2024 and 2023, including instruments for trading, hedging, or speculating on changes in interest rates, changes in foreign currency rates or changes in commodity prices of materials used in our business.

Any borrowings under our Facility are based upon interest rates that will vary depending upon the prime rate, Canadian prime rate, the NYFRB overnight bank funding rate, CDOR, and Term SOFR Reference Rate. If the prime rate, Canadian prime rate, the NYFRB overnight bank funding rate, CDOR, or Term SOFR Reference Rate rises, any interest payment obligations would increase and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest when we have outstanding borrowings. As of March 31, 2024, we had \$17.5 million of borrowings outstanding under the Facility. If market rates of interest on all our revolving debt as of March 31, 2024, which is subject to variable rates, permanently increased by 1%, the increase in interest expense on all revolving debt would decrease future income before provision for income taxes and cash flows by approximately \$0.2 million annually. If market rates of interest on all our revolving debt, which is subject to variable rates as of March 31, 2024, permanently decreased by 1%, the decrease in interest expense on all debt would increase future income before provision for income taxes and cash flows by approximately \$0.2 million annually. Borrowings under our equipment notes are at fixed rates established on the date the respective equipment note was executed.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures, as defined under Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2024.

Changes in Internal Control Over Financial Reporting

During the period covered by this report, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

For discussion regarding legal proceedings, please refer to Note 8—Commitments and Contingencies—Litigation and Other Legal Matters in the accompanying notes to our Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

We face a number of risks that could materially and adversely affect our business, employees, liquidity, financial condition, results of operations and cash flows. A discussion of our risk factors can be found in Item 1A. “Risk Factors” in our 2023 Annual Report. As of the date of this filing, there have been no material changes to the risk factors previously discussed in Item 1A. “Risk Factors” in our 2023 Annual Report. An investment in our common stock involves various risks. When considering an investment in the Company, you should carefully consider all of the risk factors described in our 2023 Annual Report. These risks and uncertainties are not the only ones facing us and there may be additional matters that are not known to us or that we currently consider immaterial. These risks and uncertainties could adversely affect our business, employees, liquidity, financial condition, results of operations or cash flows and, thus, the value of our common stock and any investment in the Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Purchases of Common Stock. Purchases of Common Stock. The following table includes all of the Company’s repurchases of common stock for the periods shown. Repurchased shares are retired and returned to authorized but unissued common stock.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (2)
January 1, 2024 - January 31, 2024	—	\$ —	—	\$ 72,487,423
February 1, 2024 - February 29, 2024	22,983	\$ 154.55	—	\$ 72,487,423
March 1, 2024 - March 31, 2024	13,414	\$ 172.52	—	\$ 72,487,423
Total	36,397	\$ 161.17	—	

(1) This column contains repurchases of common stock to satisfy tax obligations on the vesting of performance and restricted stock under the 2017 Long-Term Incentive Plan (as amended).

(2) On November 1, 2023, the Company announced that its Board of Directors had authorized a new \$75.0 million share repurchase program (the “Repurchase Program”), which became effective on November 9, 2023. The Repurchase Program will expire on May 8, 2024, or when the authorized funds are exhausted, whichever is earlier. As of March 31, 2024, the Company had \$72.5 million of remaining availability to repurchase shares of the Company’s common stock under the Repurchase Program.

ITEM 5. OTHER INFORMATION

None of the Company’s directors or “officers” (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K, during the Company’s fiscal quarter ended March 31, 2024.

ITEM 6. EXHIBITS

Number	Description
10.1	Employment Agreement, dated March 1, 2024 between the Company and Brian K. Stern†+
10.2	Form of Restricted Stock Unit Award Agreement (Named Executive Officer).†+
10.3	Form of Performance Shares Award Agreement (Named Executive Officer).†+
31.1	Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350†
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350†
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

† Filed herewith

* Electronically filed

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.

May 1, 2024

MYR GROUP INC.
(Registrant)

/s/ KELLY M. HUNTINGTON

Kelly M. Huntington
Senior Vice President and Chief Financial Officer

EMPLOYMENT AGREEMENT
Brian K. Stern

This **EMPLOYMENT AGREEMENT**, dated as of March 1, 2024 (this “**Agreement**”), is by and between MYR Group Inc., a Delaware corporation (the “**Company**”), and Brian K. Stern, (the “**Key Employee**”).

WITNESSETH:

WHEREAS, the Company desires to secure the benefit of the Key Employee’s experience and ability by employing the Key Employee in the capacity and on the terms set forth below, and the Key Employee desires to commit to serve the Company on the terms herein provided;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1 Definitions.

- (a) “**Base Salary**” means the Key Employee’s base salary as in effect from time to time, as described in Section 2.3(a).
- (b) “**Board**” means the Board of Directors of the Company.
- (c) “**Cause**” means:
 - (i) A material breach by the Key Employee of Sections 3.9(b), (c), (d), (e) or (f) of this Agreement (regarding the non-competition, non-solicitation and confidentiality provisions);
 - (ii) The commission of a criminal act by the Key Employee against the Company, including but not limited to fraud, embezzlement or theft;
 - (iii) The conviction or plea of no contest or *nolo contendere* of the Key Employee for any felony or any misdemeanor that may result in a term of imprisonment greater than one (1) year; or
 - (iv) The Key Employee’s failure or refusal to carry out, or comply with, in any material respect, any lawful directive of the Board consistent with the terms of this Agreement which is not remedied within thirty (30) days after the Key Employee’s receipt of written notice from the Company.

Notwithstanding the foregoing, the Key Employee shall not be deemed to have been terminated for Cause pursuant to this Section 1.1(c) unless and until there shall have been delivered to the Key Employee a copy of a resolution duly adopted by at least seventy-five percent (75%) of the entire membership of the Board (not including for this purpose the Key Employee if the Key Employee is then a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice to the Key Employee and a reasonable opportunity for the Key Employee, together with the Key Employee's counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Key Employee engaged in conduct set forth in this Section 1.1(c).

(d) “**Change in Control**” means the occurrence of a “change in the ownership of the Company,” a “change in the effective control of the Company,” or a “change in the ownership of a substantial portion of the Company’s assets,” as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

(e) “**COBRA**” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(f) “**Code**” means the Internal Revenue Code of 1986, as amended and any regulations thereunder.

(g) “**Disability**” means that, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, the Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health benefit plan covering employees of the Company for a period of not less than three months.

(h) “**Good Reason**” means:

(i) a reduction of the Key Employee’s Base Salary and/or annual target bonus opportunity without the Key Employee’s prior written consent;

(ii) the relocation of the Key Employee’s primary work site to a location greater than fifty (50) miles from the Key Employee’s work site as of the Effective Date; or

(iii) any other material breach by the Company of a material provision of this Agreement for which the Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

Notwithstanding the foregoing, solely with respect to a termination of employment by the Key Employee during the Protection Period, in addition to clauses (i), (ii) and (iii), “Good Reason,” shall also mean a material reduction of the Key Employee’s duties (without the Key Employee’s prior written consent) from those in effect as of the Effective Date or as subsequently agreed to by the Key Employee and the Company for which the Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

(i) “**Post-Termination Period**” means the period beginning on the date that the Key Employee’s employment terminates and ending on the first anniversary of such date.

(j) “**Protection Period**” means the period beginning on the date of the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(k) “**Severance Pay**” means

(i) two (2) times the sum of the Key Employee’s annual Base Salary and Target Bonus as of the date of the Key Employee’s termination of employment (without giving effect to any reduction that would otherwise constitute Good Reason), in the case of a termination Without Cause outside the Protection Period or a termination by the Key Employee with Good Reason outside the Protection Period; and

(ii) three (3) times the sum of the Key Employee’s annual Base Salary and Target Bonus as of the date of the Key Employee’s termination of employment, or if higher, the Key Employee’s annual Base Salary and Target Bonus for the fiscal year immediately preceding the fiscal year in which there occurs a Change in Control, in the case of a termination Without Cause during the Protection Period or a termination by the Key Employee for Good Reason during the Protection Period.

(l) “**Severance Period**” means the two (2) year period following the date of the Key Employee’s termination of employment, in the case of a termination Without Cause or a termination by the Key Employee for Good Reason, whether or not during the Protection Period.

(m) “**Without Cause**” means termination by the Company of the Key Employee’s employment at the Company’s sole discretion for any reason, other than by reason of the Key Employee’s death or Disability, and other than a termination based upon Cause.

1.2 Interpretations. In this Agreement, unless a clear contrary intention appears, (a) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; (b) reference to any Article or Section, means such Article or Section hereof; and (c) the word “including” (and with correlative meaning “include”) means including, without limiting the generality of any description preceding such term.

**ARTICLE II
EMPLOYMENT AND DUTIES**

2.1 Term. The term of this Agreement shall be for a period commencing on March 1, 2024 (the “**Effective Date**”) and ending on March 1, 2025 (the “**Initial Term**”), provided, however, that this Agreement shall automatically be extended for an additional one-year period at the end of the Initial Term and each one-year anniversary thereafter (each a “**Renewal Term**” and together with the Initial Term being referred to herein as the “**Employment Term**”), unless not later than one-hundred eighty (180) days prior to the end of the then-current period, either the Key Employee or the Company shall have provided written notice to the other party that it does not wish to extend this Agreement; provided, further, that if there occurs a Change in Control during the Employment Term, the Employment Term shall automatically be extended for an additional one-year period (in addition to any then remaining Initial Term or a Renewal Term, as applicable).

2.2 Position, Duties and Services. The Key Employee shall serve in the position of Senior Vice President and Chief Operating Officer – T&D and shall have duties and responsibilities consistent with an executive serving in such capacity. The Key Employee shall perform such duties and responsibilities diligently and to the best of the Key Employee’s abilities. The Key Employee’s employment will be subject to the supervision and direction of the Chief Executive Officer of the Company and the Board.

2.3 Compensation.

(a) **Base Salary.** The Key Employee shall receive an initial Base Salary at the rate of Four Hundred Fifty Thousand Dollars (\$450,000.00) per annum payable in periodic installments in accordance with the Company’s normal payroll practices and procedures, which Base Salary may be increased (but not decreased) by the Board or (a committee thereof) from time to time.

(b) **Target Bonus.** During the Employment Term, the Key Employee shall be eligible to receive an annual target bonus (the “**Target Bonus**”) based on the achievement of annual performance objectives, as determined by the Board (or a committee thereof) in its discretion.

(c) **Incentive, Savings, Profit Sharing, and Retirement Plans.** During the Employment Term, the Key Employee shall be entitled to participate in all incentive, savings, profit sharing and retirement plans, practices, policies and programs applicable generally, from time to time, to other similarly situated employees of the Company.

(d) **Welfare Benefit Plans.** During the Employment Term, the Key Employee and/or the Key Employee’s family, as the case may be, shall be eligible for participation in and will receive all benefits under the welfare benefit plans, practices, policies and programs applicable generally, from time to time, to other similarly situated employees of the Company.

2.4 Severance Benefit. The Key Employee shall be entitled to receive the severance benefits described in ARTICLE III upon the Key Employee's termination of employment during the Employment Term, provided the Key Employee satisfies the requirements outlined in ARTICLE III.

2.5 Indemnification. The Company shall (i) indemnify, hold harmless and defend the Key Employee to the extent permitted under applicable law from and against reasonable costs, including reasonable attorney's fees, incurred by the Key Employee in connection with or arising out of any acts or decisions made by the Key Employee in the course and scope of the Key Employee's employment hereunder and (ii) pay all reasonable expenses and reasonable attorney's fees actually incurred by the Key Employee in connection with or relating to the defense of any claim, action, suit or proceeding by any third party against the Key Employee arising out of or relating to any acts or decisions made by the Key Employee in the course and scope of the Key Employee's employment hereunder; provided, however, that such indemnification shall not apply with respect to the commission of a criminal act or any gross misconduct by the Key Employee. This Section 2.5 shall survive the termination or expiration of this Agreement.

ARTICLE III EARLY TERMINATION

3.1 Death. Upon the death of the Key Employee during the Employment Term, this Agreement shall terminate and the Key Employee's estate shall be entitled to payment of the Key Employee's Base Salary through the date of such termination plus any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which the Key Employee is a participant. Payment of Base Salary through the date of termination and the payment of any other cash compensation to which the Key Employee is entitled under this Agreement that is not exempt from Code Section 409A shall be made in a lump sum payment as soon as administratively reasonable but not later than ninety (90) days following the date of the Key Employee's death.

3.2 Disability. In the event of the Key Employee's Disability during the Employment Term, this Agreement and the Key Employee's employment with the Company shall terminate and the Key Employee shall be entitled to payment of the following benefits: (a) the Key Employee's Base Salary through the date of such termination; (b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which the Key Employee is a participant; and (c) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which the Key Employee is a participant. Subject to Section 3.12(a), the payment of Base Salary through the date of termination and the payment of any other cash compensation to which the Key Employee is entitled under this Agreement that is not exempt from Code Section 409A shall be made in a lump sum payment as soon as administratively reasonable but not later than ninety (90) days following the date of the Key Employee's termination. Subject to Section 3.12(a) and Section 3.12(b), reimbursements or in-kind benefits to which the Key Employee is entitled that are not exempt from Code Section 409A shall be paid as soon as administratively reasonable following the date of payments as set forth in this Agreement, or the applicable plan, practice, policy or program.

3.3 Termination for Cause by Company. If the Key Employee's employment is terminated during the Employment Term for Cause, the Company shall pay the Key Employee through the date of termination (a) the Key Employee's Base Salary in effect at the time notice of termination is given at the applicable payment date under the Company's regular and customary payroll practices and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which the Key Employee is a participant.

3.4 Termination Without Good Reason by the Key Employee. If the Key Employee terminates the Key Employee's employment with the Company during the Employment Term without Good Reason, whether or not during the Protection Period, the Company shall pay the Key Employee through the date of termination (a) the Key Employee's Base Salary in effect at the time notice of termination is given at the applicable payment date under the Company's regular and customary payroll practices and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which the Key Employee is a participant.

3.5 Termination Without Cause or for Good Reason Outside the Protection Period. If, during the Employment Term and outside the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or the Key Employee terminates the Key Employee's employment with the Company for Good Reason, the Key Employee shall be entitled to (a) the Key Employee's unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which the Key Employee is a participant in accordance with the terms and conditions of such compensation and benefit plans; (c) a lump sum payment equal to the Key Employee's Severance Pay; and (d) a lump sum payment equal to the product of (i) the number of months in the Severance Period multiplied by (ii) the monthly cost of maintaining health benefits for the Key Employee (and the Key Employee's spouse and eligible dependents) as of

the date of the Key Employee's termination of employment under a group health plan of the Company for purposes of COBRA, on an after-tax basis and excluding any short-term or long-term disability insurance benefits. Unless otherwise indicated in this Agreement and subject to Section 3.12(a), the payment of Base Salary through the date of termination and the payment of any other cash compensation to which the Key Employee is entitled under this Agreement that is not exempt from Code Section 409A shall be made in a lump sum payment as soon as administratively reasonable but not later than ninety (90) days following the date of the Key Employee's termination. Subject to Section 3.12(a) and Section 3.12(b), reimbursements or in-kind benefits to which the Key Employee is entitled that are not exempt from Code Section 409A shall be paid as soon as administratively reasonable following the date of payments as set forth in this Agreement, or the applicable plan, practice, policy or program. Subject to Section 3.8 and Section 3.12(a), the payment of any Severance Pay and any amounts in respect of health benefits shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable, except that, if the maximum period in which the waiver and release of claims described in Section 3.8 may be revoked ends in the year following the year in which Key Employee incurs a "Separation from Service" (as such term is defined in Treasury regulations issued under Code Section 409A), then the date on which the waiver and release of claims described in Section 3.8 becomes non-revocable will be deemed to be the later of the (A) the first business day in the year following the year in which Key Employee incurs a Separation from Service and (B) the date on which the waiver and release of claims described in Section 3.8 becomes non-revocable (without regard to this exception).

3.6 Termination Without Cause or for Good Reason During the Protection Period. If, during the Employment Term and during the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or the Key Employee terminates the Key Employee's employment with the Company for Good Reason, the Key Employee shall be entitled to (a) the Key Employee's unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which the Key Employee is a participant in accordance with the terms and conditions of such compensation and benefit plans; (c) a lump sum payment equal to the Key Employee's Severance Pay; and (d) a lump sum payment equal to the product of (i) the number of months in the Severance Period multiplied by (ii) the monthly cost of maintaining health benefits for the Key Employee (and the Key Employee's spouse and eligible dependents) as of the date of the Key Employee's termination of employment under a group health plan of the Company for purposes of COBRA, on an after-tax basis and excluding any short-term or long-term disability insurance benefits. Unless otherwise indicated in this Agreement and subject to Section 3.12(a), the payment of Base Salary through the date of termination and the payment of any other cash compensation to which the Key Employee is entitled under this Agreement that is not exempt from Code Section 409A shall be made in a lump sum payment as soon as administratively reasonable but not later than ninety (90) days following the date of the Key Employee's termination. Subject to Section 3.12(a) and Section 3.12(b), reimbursements or in-kind benefits to which the Key Employee is entitled that are not exempt from Code Section 409A shall be paid as soon as administratively reasonable following the date of payments as set forth in this Agreement, or the applicable plan, practice, policy or program. Subject to Section 3.8 and

Section 3.12(a), the payment of any Severance Pay and any amounts in respect of health benefits shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable, except that, if the maximum period in which the waiver and release of claims described in Section 3.8 may be revoked ends in the year following the year in which Key Employee incurs a Separation from Service, then the date on which the waiver and release of claims described in Section 3.8 becomes non-revocable will be deemed to be the later of the (A) the first business day in the year following the year in which Key Employee incurs a Separation from Service and (B) the date on which the waiver and release of claims described in Section 3.8 becomes non-revocable (without regard to this exception). In the event of the Key Employee's termination under this Section 3.6, the Key Employee shall not be bound by the provisions of Section 3.9(b).

3.7 Termination of Company's Obligations. Upon termination of the Key Employee's employment for any reason, the Company's obligations under this Agreement shall terminate and the Key Employee shall be entitled to no compensation and benefits other than that provided in this ARTICLE III and Section 2.5. Notwithstanding such termination, the parties' obligations under Sections 2.5 and 3.9 of this Agreement shall remain in full force and effect.

3.8 Release. Notwithstanding the foregoing provisions of this ARTICLE III, the Key Employee shall be entitled to the additional benefits specified in Section 3.5 (regarding termination Without Cause or for Good Reason outside the Protection Period) and Section 3.6 (regarding termination Without Cause or for Good Reason during the Protection Period) (i.e., those in addition to the payment of the Key Employee's Base Salary through the date of termination and any benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which the Key Employee is a participant), only upon the Key Employee's execution (and non-revocation) and delivery to the Company of a waiver and release of all claims substantially in the form used by the Company for similarly situated employees, which execution (and non-revocation) and delivery must occur before the forty-fifth (45th) day immediately following the date of termination. The Company shall have no obligations under Section 3.5 and Section 3.6, as applicable, if the Key Employee fails to deliver (and not revoke) the executed waiver and release of claims to the Company within the specified period of time. Notwithstanding the foregoing, if the Company does not deliver the form of release to the Key Employee within three (3) business days following the date of termination, then any requirement for the Key Employee to execute (and not revoke) and deliver the release as a condition of receiving any payments under Section 3.5 and Section 3.6, as applicable, will have no effect, and the Key Employee will be entitled to receive any payments to which the Key Employee otherwise qualifies under Section 3.5 and Section 3.6, as applicable.

3.9 Non-Competition; Non-Solicitation; Confidentiality.

(a) The Key Employee acknowledges and agrees that: (i) the Company is engaged in the business of power line and commercial/industrial electrical construction services for electric utilities, telecommunication providers, commercial/industrial facilities, and government agencies and electrical construction and maintenance services for industrial and power generation clients (the “**Business**”); (ii) the Business is intensely competitive; (iii) the Key Employee’s customer relationships are near permanent and but for the Key Employee’s association with the Company, the Key Employee would not have had contact with the customers; (iv) the Key Employee will continue to develop and have access to and knowledge of non-public information of the Company and its clients; (v) the direct or indirect disclosure of any such confidential information to existing or potential competitors of the Company would place the Company at a competitive disadvantage and would do damage to the Company; (vi) the Key Employee has developed goodwill with the Company’s clients at the substantial expense of the Company; (vii) but for the Key Employee entering into the covenants set forth in this Section 3.9, the Company would not have entered into this Agreement; (viii) the Key Employee engaging in any of the activities prohibited by this Section 3.9, would constitute improper appropriation and/or use of the Company’s confidential information and/or goodwill; (ix) the Key Employee’s association with the Company is expected to be critical to the success of the Company; (x) the services to be rendered by the Key Employee to the Company are of a special and unique character; (xi) the Company conducts the Business throughout North America; (xii) the noncompetition and other restrictive covenants and agreements set forth in this Agreement are fair and reasonable and it would not be reasonable for the Company to enter into this Agreement without obtaining such non-competition and other restrictive covenants and agreements; and (xiii) in light of the foregoing and of the Key Employee’s education, skills, abilities and financial resources, the Key Employee acknowledges and agrees that the Key Employee will not assert, and it should not be considered, that enforcement of any of the covenants set forth in this Section 3.9 would prevent the Key Employee from earning a living or otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(b) Agreement not to Compete. The Key Employee will not, during the Key Employee’s employment and the Post-Termination Period, directly or indirectly, carry on or conduct, the Business or any business of the nature in which the Company or its subsidiaries are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or any new line of business with respect to which the Key Employee has created, received or had access to confidential information (as set forth below). The Key Employee agrees that the Key Employee will not so conduct or engage in the Business or any such business in any capacity, including as an individual on the Key Employee’s own account or as a partner or joint venturer or as an employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation, provided, that the Key Employee may be a shareholder in any public corporation if the Key Employee does not own ten percent (10%) or more of any class of its stock.

(c) Confidential Information. The Key Employee will not, directly or indirectly, during the Key Employee's employment and at any time following termination of the Key Employee's employment with the Company for any reason, reveal, divulge or make known to any person or entity, or use for the Key Employee's personal benefit (including for the purpose of soliciting business, whether or not competitive with any business of the Company or its subsidiaries or affiliates), any information acquired during the Employment Term with regard to the financial, business or other affairs of the Company or its subsidiaries or affiliates (including any list or record of persons or entities with which the Company or its subsidiaries or affiliates has any dealings), other than (i) for purposes of performing the Key Employee's duties and responsibilities pursuant to this Agreement; (ii) information already in the public domain; or (iii) information that the Key Employee is required to disclose under the following circumstances: (A) at the direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for the Key Employee, to be disclosed by the Key Employee in connection with any legal action or proceeding involving the Key Employee in the Key Employee's capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company.

(d) The Key Employee will, upon the earlier of (i) any time requested by the Company or (ii) termination of the Key Employee's employment with the Company for any reason, promptly deliver to the Company all documents, memoranda, notes, reports, lists, files, customer lists, mailing lists, software, disks, credit cards, door and file keys, computer access codes, instructional manuals, and other physical or personal property which the Key Employee received or prepared or helped to prepare in connection with the Key Employee's relationship with the Company including, but not limited to, any confidential information (as set forth above) of the Company or any of its subsidiaries and affiliates which the Key Employee may then possess or have under the Key Employee's control, and the Key Employee shall not retain any copies, duplicates, reproductions or excerpts thereof.

(e) Agreement not to Solicit. During the Employment Term and for the Post-Termination Period, the Key Employee shall not (except on behalf of or with the written consent of the Company), either directly or indirectly, on the Key Employee's own behalf or in the service or on behalf of others, (i) solicit, divert, or appropriate, or (ii) attempt to solicit, divert, or appropriate, any person or entity that is or was a customer of the Company or any of its affiliates at any time during the twelve (12) months prior to the date of the Key Employee's termination and with whom the Key Employee has had material contact.

(f) Agreement not to Recruit. During the Employment Term and for the Post-Termination Period, the Key Employee shall not, either directly or indirectly, on the Key Employee's behalf or in the service or on behalf of others, (i) solicit, divert, or hire away, or (ii) attempt to solicit, divert, or hire away, any employee of or consultant to the Company or its subsidiaries or affiliates.

(g) Reasonableness of Restrictions. The Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.9 are reasonable in nature and are no broader than are necessary to maintain the goodwill of the Company and the confidentiality of its confidential information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause the Key Employee any undue hardship nor unreasonably interfere with the Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.9 is invalid or unenforceable, the remainder of this Section 3.9 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.9, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall reduce the duration or scope of such provision and enforce such provision as so reduced.

(h) Enforcement. Upon the Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.9 remain in effect, the Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within thirty (30) days thereof. The Key Employee agrees that in the event of a breach or threatened breach of the terms and conditions of this Section 3.9 by the Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against the Key Employee, to obtain damages for any such breach, or to enjoin (in the form of specific performance, temporary restraining order, temporary or permanent injunction or otherwise) the Key Employee from any conduct in violation of this Section 3.9, without having to post a bond.

3.10 Parachute Payments

(a) Notwithstanding anything to the contrary in this Agreement, in the event that any payment or distribution to or for the Key Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (all such payments and benefits, together, the "**Total Payments**"), would be subject (in whole or part), to any excise tax imposed under Section 4999 of the Code, or any successor provision thereto (the "**Excise Tax**"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other agreement, policy, plan, program or arrangement, the Company will reduce the Total Payments to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax (but in no event to less than zero), in the following order: (i) the payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) shall be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) shall next be reduced; (iii) the payments that are payable in cash that are valued at less than full value

under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, shall next be reduced; (iv) payments and benefits due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) shall next be reduced; and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) shall be next reduced pro-rata; provided, however, that the Total Payments shall only be reduced if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state, municipal and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state, municipal and local income taxes on such Total Payments and the amount of Excise Tax to which the Key Employee would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax: (i) no portion of the Total Payments the receipt or enjoyment of which the Key Employee shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel (“**Tax Counsel**”) reasonably acceptable to the Key Employee and selected by the accounting firm which was, immediately prior to the change in control, the Company’s independent auditor (the “**Auditor**”), does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(c) At the time that payments are made under this Agreement, the Company shall provide the Key Employee with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including any opinions or other advice the Company received from Tax Counsel, the Auditor, or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). If the Key Employee objects to the Company’s calculations, the Company shall pay to the Key Employee such portion of the Total Payments (up to 100% thereof) as the Key Employee determines is necessary to result in the proper application of this Section 3.10. All determinations required by this Section 3.10 (or requested by either the Key Employee or the Company in connection with this Section 3.10) shall be at the expense of the Company.

3.11 Intentionally Omitted.

3.12 Payments Subject to Section 409A of the Code.

(a) Notwithstanding the foregoing provisions of this ARTICLE III, to the extent required by Section 409A of the Code and applicable guidance thereunder, payments that the Key Employee would otherwise be entitled to receive hereunder during the first six months following the date of the Key Employee's termination of employment will be accumulated and paid on the date that is six months and one day after the date of the Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid without adverse tax consequences to the Key Employee under Section 409A of the Code; provided, however, that no such delay shall apply with respect to payments to which the Key Employee is entitled in the event of the Key Employee's death.

(b) Any reimbursement of expenses or in-kind benefits provided under this Agreement, that is subject to and not exempt from Section 409A of the Code, shall be subject to the following additional rules: (i) any reimbursement of eligible expenses shall be paid as they are incurred (but not prior to the end of the six-month delay period set forth in Section 3.12(a)); provided that the Key Employee first provides documentation thereof in reasonable detail not later than sixty (60) days following the end of the calendar year in which the eligible expenses were incurred; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefits to be provided, during any other calendar year; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(c) For purposes of determining the Key Employee's entitlement to payment of any cash or other remuneration which is deferred compensation under Section 409A of the Code, any provision of this Agreement providing for payment of any such cash or remuneration upon "termination," "termination of employment" or other event which is a termination of an employment relationship with the Company means that such payment is to be made upon a Separation from Service, with the Company and all of its subsidiaries and affiliates, for any reason, including without limitation, quit, discharge and retirement, and the Company and the Key Employee reasonably anticipate that no further services will be performed after such date or that the level of bona fide services performed after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Key Employee has been providing services for less than 36 months).

(d) It is intended that the payments and benefits provided under this Agreement shall either be exempt from application of, or comply with, the requirements of Section 409A of the Code. This Agreement shall be construed, administered, and governed in a manner that affects such intent, and the Company shall not take any action that would be inconsistent with such intent. Without limiting the foregoing, the payments and benefits provided under this Agreement may not be deferred, accelerated, extended, paid out, or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code. Although the Company shall use its best efforts to avoid the imposition of taxation, interest and penalties under Section 409A of the Code, the tax treatment of the benefits provided under this Agreement is not warranted or guaranteed. The Company shall not be held liable for any taxes, interest, penalties, or other monetary amounts owed by the Key Employee or other taxpayers as a result of this Agreement.

ARTICLE IV MISCELLANEOUS

4.1 Governing Law. This Agreement is governed by and will be construed in accordance with the laws of the State of Illinois, without regard to the conflicts of law principles of such State.

4.2 Amendment and Waiver. The provisions of this Agreement may be amended, modified or waived only with the prior written consent of the Company and the Key Employee, and no course of conduct or failure or delay in enforcing the provisions of this Agreement will be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

4.3 Severability. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction by reason of applicable law will, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

4.4 Entire Agreement. Except as provided in the written benefit plans and programs referenced in Section 2.3(c) and Section 2.3(d), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the employment of the Key Employee or the subject matter hereof in any way.

4.5 Withholding of Taxes and Other Employee Deductions. The Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city, and other taxes as may be required pursuant to any law or governmental regulation or ruling and all other normal employee deductions made with respect to the Company's employees generally.

4.6 Legal Fees. The Company shall reimburse the Key Employee for all reasonable legal fees and expenses incurred by the Key Employee in a dispute regarding the Key Employee's rights under this Agreement, within forty-five (45) days of when such fees and expenses are incurred, but in no event later than the end of the taxable year in which such fees and expenses are incurred, unless a court of competent jurisdiction determines the Key Employee's position in such dispute not to be bona fide.

4.7 Headings. The paragraph headings have been inserted for purposes of convenience and will not be used for interpretive purposes.

4.8 Actions by the Board. Any and all determinations or other actions required of the Board (or a committee thereof) hereunder that relate specifically to the Key Employee's employment by the Company or the terms and conditions of such employment will be made by the members of the Board or such committee other than the Key Employee (if the Key Employee is a member of the Board or such committee), and the Key Employee will not have any right to vote or decide upon any such matter.

4.9 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party.

[Signature Page Follows]

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:

MYR GROUP INC.

By: /s/ RICHARD S. SWARTZ

Name: Richard S. Swartz

Title : President & CEO

KEY EMPLOYEE:

By: /s/ BRIAN K. STERN

Brian K. Stern

MYR GROUP INC.**RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS
AWARD AGREEMENT
(Executive Officer)**

This AGREEMENT (this “Agreement”) is made as of _____, 20__, by and between MYR Group Inc., a Delaware corporation (the “Company”), and [_____] (the “Participant”).

1. **Grant of Restricted Stock Units.** Pursuant to the MYR Group Inc. 2017 Long-Term Incentive Plan (the “Plan”) and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company has granted, as of _____, 20__ (the “Date of Grant”), to the Participant [_____] Restricted Stock Units.
2. **Rights of the Participant.** Each Restricted Stock Unit, upon becoming vested before its expiration, represents a right to receive payment in the form of one (1) share of Common Stock. Each tandem Dividend Equivalent represents a right to receive cash payments equivalent to the amount of cash dividends declared and paid on one (1) share of Common Stock after the Date of Grant and until the earlier of (a) the time the Restricted Stock Units vest and become payable or (b) the date the Restricted Stock Units are forfeited/expire. Restricted Stock Units and Dividend Equivalents are used solely as units of measurement, and are not shares of Common Stock and the Grantee is not, and has no rights as, a shareholder of the Company by virtue of this Award. The Restricted Stock Units and Dividend Equivalents subject to this Agreement have been awarded to the Grantee in respect of services to be performed by the Participant during the vesting period.
3. **Restrictions on Transfer.** The rights to the Restricted Stock Units may not be transferred, assigned or subject to any encumbrance, pledge or charge; provided, however, that the Participant’s rights with respect to the Restricted Stock Units may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer in violation of the provisions of this Section 3 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in the Restricted Stock Units.
4. **Vesting of Restricted Stock Units.** Subject to the terms and conditions of this Agreement and the Plan, the Restricted Stock Units shall vest in accordance with the vesting schedule set forth on Exhibit A hereto provided the Participant remains continuously employed by the Company until the applicable vesting date(s) listed on Exhibit A (or as otherwise provided in Section 5 of this Agreement).

5. Accelerated Vesting. Notwithstanding the provisions of Section 4 hereof, the Restricted Stock Units covered by this Agreement shall become immediately vested in full if any of the following circumstances apply:
- (a) Termination without Cause or Good Reason: The Participant's employment with the Company is terminated without "Cause" or with "Good Reason" (as each term is defined in the Participant's current Employment Agreement with the Company, as may be amended from time to time (the "Employment Agreement")).
 - (b) Death or Disability: The Participant's employment with the Company is terminated due to the Participant's death or "Disability" (as such term is defined in the Employment Agreement).
 - (c) Change in Control: A Change in Control occurs while the Participant is an employee of the Company.
6. Payment of Restricted Stock Units. Except as provided in the next sentence, payment of any vested Restricted Stock Units subject to this Agreement shall be made as soon as administratively practicable following (but no later than thirty (30) days following) the date that the Restricted Stock Units vest pursuant to Section 4 or 5 hereof. To the extent applicable, if the Restricted Stock Units become payable on the Participant's "separation from service" with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code, the Participant is a "specified employee" as determined pursuant to procedures adopted by the Company in compliance with Section 409A of the Code, and the amount payable hereunder constitutes a "deferral of compensation" (within the meaning of Section 409A of the Code), then payment for the Restricted Stock Units shall be made on the earlier of the first day of the seventh month after the date of the Participant's "separation from service" with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code or the Participant's death. Payment shall be in the form of delivery of one (1) share of Common Stock for each vested Restricted Stock Unit.

To the extent that the Company is required to withhold any federal, state, provincial, local or foreign taxes in connection with any delivery of shares of Common Stock to the Participant, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such delivery that the Participant shall pay such taxes by the Company's retention of a portion of the shares of Common Stock otherwise deliverable to the Participant. The shares so retained shall be credited against such withholding requirement at the fair market value on the date of such delivery. In the event additional taxes are required to be withheld by the Company the Participant agrees to a payroll deduction for the amount of the withholding requirement.

The Participant acknowledges that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. The Participant further acknowledges that the Company (1) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, or the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalents, and (2) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result.

Except to the extent provided by Section 409A of the Code and permitted by the Committee, no shares of Common Stock may be issued to the Participant at a time earlier than otherwise expressly provided in this Agreement. The Company's obligations to the Participant with respect to the Restricted Stock Units will be satisfied in full upon the issuance of shares of Common Stock corresponding to such Restricted Stock Units.

7. Forfeiture/Expiration. Except to the extent the Restricted Stock Units covered by this Agreement have vested pursuant to Section 4 or 5 hereof, the Participant's right to retain the Restricted Stock Units covered by this Agreement shall be forfeited automatically and without further notice on the date that the Participant ceases to be an employee of the Company for any reason other than as described in Section 5.
8. Dividend Equivalents Payments. With respect to each of the Restricted Stock Units covered by this Agreement, the Participant shall be credited on the records of the Company with dividend equivalents in an amount equal to the amount per share of Common Stock of any cash dividends declared by the Board on the outstanding shares of Common Stock during the period beginning on the Date of Grant and ending either on the date on which the Participant receives payment for the Restricted Stock Units pursuant to Section 6 hereof or at the time when the Restricted Stock Units are forfeited in accordance with Section 7 of this Agreement. These dividend equivalents will accumulate without interest and, subject to the terms and conditions of this Agreement, will be paid in cash at the same time and to the same extent as the Restricted Stock Units for which the dividend equivalents were credited.

9. Restrictive Covenants. If the Participant engages in any conduct in breach of any noncompetition, nonsolicitation or confidentiality obligations to the Company under any agreement, policy or plan, then such conduct shall also be deemed to be a breach of the terms of the Plan and this Agreement. Upon such breach, the Participant's right to retain the Restricted Stock Units covered by this Agreement shall be forfeited automatically and without further notice and, if and to the extent any Restricted Stock Units covered by this Agreement have vested pursuant to Section 4 or 5 within a period of 18 months prior to such breach, the Participant shall be required to return to the Company, upon demand, any shares paid to the Participant in settlement of the Restricted Stock Units (or the net proceeds of any sales of such shares) and the value of any Dividend Equivalents paid. For purposes of this Section 9, net proceeds shall mean the net amount realized upon the disposition of the shares. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.
10. Recovery of Restricted Stock Units. This Agreement is subject to the Company's Compensation Clawback Policy, adopted October 25, 2023, and attached as Exhibit B.
11. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions that arise and to exercise its discretionary authority under the Plan in connection with the grant of the Restricted Stock Units. The number of Restricted Stock Units subject to this Agreement, and the other terms and conditions of this award, are subject to mandatory adjustment as provided in Section 3.2 of the Plan.

12. Miscellaneous. All decisions or interpretations of the Committee with respect to any question arising under the Plan or this Agreement shall be binding, conclusive and final. The waiver by the Company of any provision of this Agreement shall not operate as or be construed to be a subsequent waiver of the same provision or of any other provision of this Agreement. The Participant agrees to execute such other agreements, documents or assignments as may be necessary or desirable to effect the purposes of this Agreement. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any shares of Common Stock pursuant to this Agreement if the issuance thereof would result in a violation of any such law. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service.
13. Capitalized Terms. All capitalized terms used in this Agreement that are not defined herein shall have the meanings given them in the Plan or resolutions adopted by the Committee authorizing grants made under this Agreement, unless the context clearly requires otherwise.

14. **Nature of Grant.** Nothing in this Agreement will give the Participant any right to continue service as an employee of the Company or interfere in any way with the right of the Company to terminate the service of the Participant as an employee of the Company. Furthermore, the Participant acknowledges and agrees that (a) the grant of the Restricted Stock Units to the Participant is a voluntary, discretionary award and it does not constitute a commitment to make any future awards, (b) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, (c) all decisions with respect to future Restricted Stock Units grants, if any, will be at the sole discretion of the Company, (d) participation in the Plan is voluntary, (e) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty, and (f) in consideration of the grant of Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or shares of Common Stock received upon vesting, including (without limitation) any claim or entitlement resulting from termination of the Participant's service with the Company (for any reason whatsoever and whether or not in breach of local laws), and the Participant hereby releases the Company and its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, the Participant shall be deemed irrevocably to have waived the Participant's entitlement to pursue such claim.
15. **Information.** The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Company and its Subsidiaries and affiliates, namely MYR Group Inc. (located in the United States) for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant hereby understands that the Company and its Subsidiaries and affiliates hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Participant: the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, compensation, nationality, position, any shares of Common Stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Data"). The Participant hereby understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant's country or elsewhere (including the United States of America), and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant hereby understands that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Company's human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any

requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any shares acquired upon vesting. The Participant hereby understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan and in accordance with local law. The Participant hereby understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's human resources representative. The Participant hereby understands, however, that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant hereby understands that the Participant may contact the Company's human resources representative.

* * *

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer, as of the day and year first above written.

MYR GROUP INC.

By: _____

Name: Kenneth M. Hartwick

Title: Chair of the Board

The undersigned Participant hereby acknowledges receipt of an executed copy of this Agreement and accepts the right to receive any Restricted Stock Units or other securities covered hereby, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

Participant

Date: _____

MYR GROUP INC.
PERFORMANCE SHARES AWARD AGREEMENT
(Executive Officer)

This AGREEMENT (this “Agreement”) is made as of _____, 20__, by and between MYR Group Inc., a Delaware corporation (the “Company”), and [_____] (the “Participant”).

1. Grant of Performance Shares. Pursuant to the MYR Group Inc. 2017 Long-Term Incentive Plan (the “Plan”) and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company has granted to the Participant, as of _____, 20__ (the “Date of Grant”), [_____] target Performance Shares, a percentage of which may be earned in accordance with the terms of this Agreement and contingent on the Company’s Return On Invested Capital (“ROIC”) over the ROIC Performance Period (as defined below) (such target amount, the “ROIC Target Performance Shares”), and [_____] Target Performance Shares, a percentage of which may be earned in accordance with the terms of this Agreement and contingent on the Company’s relative Total Stockholder Return (“TSR”) over the TSR Performance Period (as defined below) (such target amount, the “TSR Target Performance Shares”) and [_____] Target Performance Shares, a percentage of which may be earned in accordance with the terms of this Agreement and contingent on the Company’s relative Institutional Shareholder Services (“ISS”) composite Environmental, Social, and Governance Scores (the total sum of the Company’s overall ISS E&S QualityScore decile rankings with its overall Governance QualityScore decile rank) (“ESG”) over the ESG Performance Period (as defined below) (such target amount, the “ESG Target Performance Shares”).

The Performance Shares are not intended to be a Qualified-Performance Based Award under the Plan.

2. Earning of Target Performance Shares.

- (a) Performance Measure: The Participant's right to receive all of, any portion of, or more than, the number of ROIC Target Performance Shares, TSR Target Performance Shares or ESG Target Performance Shares generally will be contingent upon the achievement of specified levels of the Company's ROIC, relative TSR, and relative ESG, as set forth in the "Statement of Performance Goals" established by the Committee in connection with the Awards granted by this Agreement, and will be measured over each fiscal year in the period from January 1, 20__ through December 31, 20__ for ROIC performance (the "ROIC Performance Period") and the arithmetic average of the ROIC for the ROIC Performance Period, which shall be calculated by dividing the sum of the Company's ROIC for each fiscal year in the ROIC Performance Period by the number of years in the ROIC Performance Period (the "Three-Year Average"), the Date of Grant through December 31, 20__ for TSR performance (the "TSR Performance Period"), January 1, 20__ through December 31, 20__ for ESG performance, (the "ESG Performance Period"), , and together with the ROIC Performance Period, the "Performance Periods").
- (b) Below Threshold:
- (i) ROIC: If, upon the conclusion of the ROIC Performance Period, ROIC for any fiscal year in the ROIC Performance Period or the Three-Year Average ROIC for the ROIC Performance Period falls below the threshold level, as set forth in the ROIC Performance Matrix contained in the Statement of Performance Goals, no Performance Shares for ROIC performance shall become earned for that fiscal year and/or the Three-Year Average, as applicable.
- (ii) TSR: If, upon conclusion of the TSR Performance Period, the Company's relative TSR for the TSR Performance Period falls below the 25th percentile of TSR for the TSR Peer Group Companies (as defined below), no Performance Shares for TSR performance shall become earned.
- (iii) ESG: If, upon conclusion of the ESG Performance Period, the Company's relative ESG for the ESG Performance Period falls below the 25th percentile of ESG for the ESG Peer Group Companies (as defined below), no Performance Shares for ESG performance shall become earned.

(c) Threshold:

- (i) ROIC: If, upon the conclusion of the ROIC Performance Period, ROIC for any fiscal year in the ROIC Performance Period and/or the Three-Year Average ROIC for the ROIC Performance Period equals the threshold level, as set forth in the ROIC Performance Matrix contained in the Statement of Performance Goals, 10% of the ROIC Target Performance Shares shall be earned for each such fiscal year and 20% of the ROIC Target Performance Shares shall be earned for the Three Year Average ROIC, with a fractional share from the total earned ROIC Target Performance Shares rounded down to the next whole share.
- (ii) TSR: If, upon conclusion of the TSR Performance Period, the Company's relative TSR for the TSR Performance Period is at the 25th percentile of TSR for the TSR Peer Group Companies, 25% of the TSR Target Performance Shares shall become earned, with a fractional share rounded down to the next whole share.
- (iii) ESG: If, upon conclusion of the ESG Performance Period, the Company's relative ESG for the ESG Performance Period is at the 25th percentile of ESG for the ESG Peer Group Companies, 25% of the ESG Target Performance Shares shall become earned, with a fractional share rounded down to the next whole share.

(d) Between Threshold and Target:

- (i) ROIC: If, upon the conclusion of the ROIC Performance Period, ROIC for any fiscal year in the ROIC Performance Period and/or the Three-Year Average exceeds the threshold level, but is less than the target level, as set forth in the ROIC Performance Matrix contained in the Statement of Performance Goals, the percentage of ROIC Target Performance Shares that shall become earned shall be determined by the summation of the percentage of ROIC payout as determined by mathematical straight-line interpolation of actual ROIC performance compared to the ROIC performance metrics for each such fiscal year multiplied times 20% and the Three Year Average ROIC performance compared to the ROIC performance metrics multiplied times 40% between 50% (threshold) payout of the ROIC Target Performance Shares and 100% (target) payout of the ROIC Target Performance Shares, with a fractional share from the total earned ROIC Target Performance Shares rounded down to the next whole share.

- (ii) TSR: If, upon the conclusion of the TSR Performance Period, the Company's relative TSR exceeds the 25th percentile, but is less than the 50th percentile of TSR of the TSR Peer Group Companies, the percentage of TSR Target Performance Shares that shall become earned shall be determined by mathematical straight-line interpolation between 25% of the TSR Target Performance Shares and 100% of the TSR Target Performance Shares, with a fractional share rounded down to the next whole share.
- (iii) ESG: If, upon the conclusion of the ESG Performance Period, the Company's relative ESG exceeds the 25th percentile, but is less than the 50th percentile of ESG of the ESG Peer Group Companies, the percentage of ESG Target Performance Shares that shall become earned shall be determined by mathematical straight-line interpolation between 25% of the ESG Target Performance Shares and 100% of the ESG Target Performance Shares, with a fractional share rounded down to the next whole share.

(e) Target:

- (i) ROIC: If, upon the conclusion of the ROIC Performance Period, ROIC for any fiscal year in the ROIC Performance Period and/or the Three-Year Average equals the target level, as set forth in the ROIC Performance Matrix contained in the Statement of Performance Goals, 20% of the ROIC Target Performance Shares shall be earned for each such fiscal year and 40% of the ROIC Target Performance Shares shall be earned for the Three Year Average ROIC, with a fractional share from the total earned ROIC Target Performance Shares rounded down to the next whole share.
- (ii) TSR: If, upon conclusion of the TSR Performance Period, the Company's relative TSR for the TSR Performance Period is at the 50th percentile of TSR for the TSR Peer Group Companies, 100% of the TSR Target Performance Shares shall become earned, with a fractional share rounded down to the next whole share.
- (iii) ESG: If, upon conclusion of the ESG Performance Period, the Company's relative ESG for the ESG Performance Period is at the 50th percentile of ESG for the ESG Peer Group Companies, 100% of the ESG Target Performance Shares shall become earned, with a fractional share rounded down to the next whole share.

(f) Between Target and Maximum:

- (i) ROIC: If, upon the conclusion of the ROIC Performance Period, ROIC for any fiscal year in the ROIC Performance Period and/or the Three-Year Average exceeds the target level, but is less than the maximum level, as set forth in the ROIC Performance Matrix contained in the Statement of Performance Goals, the percentage of ROIC Target Performance Shares that shall become earned shall be determined by the summation of the percentage of ROIC payout as determined by mathematical straight-line interpolation of actual ROIC performance compared to the ROIC performance metrics for each such fiscal year multiplied times 20% and the Three Year Average ROIC performance compared to the ROIC performance metrics multiplied times 40% between 100% (target) payout of the ROIC Target Performance Shares and 200% (maximum) payout of the ROIC Target Performance Shares, with a fractional share from the total earned ROIC Target Performance Shares rounded down to the next whole share.
- (ii) TSR: If, upon the conclusion of the TSR Performance Period, the Company's relative TSR exceeds the 50th percentile, but is less than the 75th percentile of TSR for the TSR Peer Group Companies, the percentage of TSR Target Performance Shares that shall become earned shall be determined by mathematical straight-line interpolation between 100% of the TSR Target Performance Shares and 200% of the TSR Target Performance Shares, with a fractional share rounded down to the next whole share.
- (iii) ESG: If, upon the conclusion of the ESG Performance Period, the Company's relative ESG exceeds the 50th percentile, but is less than the 75th percentile of ESG for the ESG Peer Group Companies, the percentage of ESG Target Performance Shares that shall become earned shall be determined by mathematical straight-line interpolation between 100% of the ESG Target Performance Shares and 200% of the ESG Target Performance Shares, with a fractional share rounded down to the next whole share.

(g) Equals or Exceeds Maximum:

- (i) ROIC: If, upon the conclusion of the ROIC Performance Period, ROIC for any fiscal year in the ROIC Performance Period and/or the Three-Year Average equals or exceeds the maximum level, as set forth in the ROIC Performance Matrix contained in the Statement of Performance Goals, 40% of the ROIC Target Performance Shares shall be earned for each such fiscal year and 80% of the ROIC Target Performance Shares shall be earned for the Three Year Average ROIC, with a fractional share from the total earned ROIC Target Performance Shares rounded down to the next whole share.
- (ii) TSR: If, upon conclusion of the TSR Performance Period, the Company's relative TSR for the TSR Performance Period equals or exceeds the 75th percentile of TSR for the TSR Peer Group Companies, 200% of the TSR Target Performance Shares shall become earned, with a fractional share rounded down to the next whole share.
- (iii) ESG: If, upon conclusion of the ESG Performance Period, the Company's relative ESG for the ESG Performance Period equals or exceeds the 75th percentile of ESG for the ESG Peer Group Companies, 200% of the ESG Target Performance Shares shall become earned, with a fractional share rounded down to the next whole share.

(h) Conditions; Determination of Earned Award: Except as otherwise provided herein, the Participant's right to receive any Performance Shares is contingent upon his or her remaining in the continuous employ of the Company or a Subsidiary through the end of the Performance Periods. Following the Performance Periods, the Committee shall determine whether and to what extent the goals relating to ROIC, TSR, and ESG have been satisfied for the Performance Periods and shall determine the percent of ROIC Target Performance Shares, TSR Target Performance Shares, and ESG Target Performance Shares, if any, that may have become earned hereunder.

(i) Determination Regarding ROIC: ROIC for each fiscal year in the ROIC Performance Period is defined as net income plus interest, net of taxes, plus amortization, net of taxes, less dividends divided by the average invested capital (funded debt less cash and marketable securities plus total stockholders' equity) at the beginning of each fiscal year in the performance period, computed as follows:

$$\text{ROIC} = \frac{\text{Net Income} + ((\text{Net Interest} + \text{Amortization}) \times (1 - \text{Tax Rate})) - \text{Dividends}}{\text{Average of (Funded Debt - Cash and Marketable Securities + Total Stockholders' Equity) at the beginning and the end of each year in the performance period}}$$

with all financial measures as determined from the Company's consolidated financial statements for each year in the ROIC Performance Period, subject to any adjustment as determined by the Committee.

- (j) Determination Regarding TSR: At the end of the TSR Performance Period, the percentile rank of the Company's TSR in respect to the TSR of the TSR Peer Companies will be calculated. TSR with respect to the Company and each of the TSR Peer Companies means the change in the fair market value of common stock of the Company and the TSR Peer Companies, assuming reinvestment of dividends, over the TSR Performance Period. The measurement of change in fair market value over the Performance Period shall be based on the average closing prices of the common stock for the last 20 trading days preceding the Date of Grant and the last 20 trading days preceding the end of the TSR Performance Period (December 31, 20__), assuming reinvestment of dividends in common stock. Any TSR Peer Company that is no longer publicly traded at any time during or at the end of the TSR Performance Period shall be excluded from this calculation.
- (k) TSR Peer Companies: The public companies against which the Company's TSR performance will be compared (the "TSR Peer Group Companies") are identified in the Statement of Performance Goals.
- (l) Determination Regarding ESG: At the end of the ESG Performance Period, the decile rank of the Company's ESG in respect to the ESG of the ESG Peer Companies will be calculated. The scores utilized are the sum of the Environmental & Social Disclosure QualityScore decile ranks and the Governance QualityScore decile rank published by ISS for the Company and the respective ESG Peer Companies for the last month of the ESG Performance Period. Any ESG Peer Company that is no longer publicly traded at any time during or at the end of the ESG Performance Period shall be excluded from this calculation.
- (m) ESG Peer Companies: The public companies against which the Company's ESG performance will be compared (the "ESG Peer Group Companies") are identified in the Statement of Performance Goals.

3. Pro Rata Earning of Target Performance Shares.

- (a) Termination without Cause or Good Reason, Death, Disability or Retirement: Notwithstanding Section 2(h), if, during the Performance Period, but before the payment of any Performance Shares as set forth in Section 5, the Participant's employment is terminated without "Cause" or with "Good Reason" (as each term is defined in the Participant's current Employment Agreement with the Company, as may be amended from time to time (the "Employment Agreement")), the Participant dies or in the event of his "Disability" (as such term is defined in the Employment Agreement) while in the employ of the Company or in the event of

the retirement of the Participant after having attained “normal retirement age” (defined as the earlier of age 62 or 55 years old and 10 years of service with the Company), then the Participant shall be entitled to receive such percent of the ROIC Target Performance Shares, TSR Target Performance Shares, and ESG Target Performance Shares, if any, as is determined pursuant to Section 2 at the conclusion of the Performance Periods as if the Participant had remained in the continuous employ of the Company through the end of the Performance Periods, based on the Company’s ROIC, TSR, and ESG performance during the Performance Periods, prorated, based on the number of whole months that the Participant was employed by the Company during the Performance Periods.

- (b) Change in Control: Notwithstanding Section 2(h), if, during the Performance Periods, but before the payment of any Performance Shares as set forth in Section 5, a Change in Control occurs while the Participant is an employee of the Company, then the Participant shall be entitled to receive the number of ROIC Target Performance Shares, the number of TSR Target Performance Shares, and the number of ESG Target Performance Shares set out in Section 1.

4. Forfeiture of Award. Except to the extent the Participant has earned the right to receive Performance Shares pursuant to Section 2 or 3 hereof, the Participant’s right to receive Performance Shares shall be forfeited automatically and without further notice on the date that the Participant ceases to be an employee of the Company or a Subsidiary prior to the last day of the Performance Periods or, in the event that Section 3(b) applies, the date on which the Change in Control occurs.

5. Payment of Performance Shares.

- (a) Subject to Section 5(c), Performance Shares earned as provided in Section 2 or pursuant to Section 3(a) shall be paid to the Participant or his or her executor or administrator, as the case may be, in shares of Common Stock in the calendar year immediately following the close of the Performance Period to which the award relates, but in no event later than two and one-half (2 1/2) months after the close of the Performance Period.
- (b) The ROIC Target Performance Shares, TSR Target Performance Shares and ESG Performance Shares earned pursuant to Section 3(b) shall be paid to the Participant in shares of Common Stock as soon as practicable following the Change in Control, but in no event later than two and one-half (2 1/2) months following the end of the year in which the Change in Control occurs.

- (c) Notwithstanding anything in this Agreement to the contrary, if the Participant is a “specified employee” as determined pursuant to procedures adopted by the Company in compliance with Section 409A of the Code, the ROIC Target Performance Shares, TSR Target Performance Shares and ESG Target Performance Shares become payable on the Participant’s “separation from service” with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code, and the amount payable hereunder constitutes a “deferral of compensation” (within the meaning of Section 409A of the Code), then payment of the ROIC Target Performance Shares, TSR Target Performance Shares and ESG Target Performance Shares shall be made on the earlier of the first day of the seventh month after the date of the Participant’s “separation from service” with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code or the Participant’s death.
6. Transferability. Transferability shall be as set forth in the Plan.
7. No Employment Contract. Nothing contained in this Agreement shall (a) confer upon the Participant any right to be employed by or remain employed by the Company, or (b) limit or affect in any manner the right of the Company to terminate the employment of the Participant at any time.
8. Taxes and Withholding. To the extent that the Company is required to withhold any federal, state, local or foreign taxes in connection with the payment of any Performance Shares, it shall be a condition to the payment of any Performance Shares that the Participant shall pay such taxes by the Company’s retention of a portion of the shares of Common Stock otherwise payable to the Participant. The shares so retained shall be credited against such withholding requirement at the Fair Market Value on the date of such delivery. In the event additional taxes are required to be withheld by the Company the Participant agrees to a payroll deduction for the amount of the withholding requirement.
9. Rights of a Stockholder. The Participant shall not have any rights of a stockholder with respect to the Performance Shares prior to the date such shares are earned.
10. Payment of Dividends. No dividends or dividend equivalents shall be accrued or earned with respect to any Performance Shares until such Performance Shares are earned by the Participant as provided in this Agreement.
11. Adjustments. Notwithstanding any other provision hereof, the number of Performance Shares subject to this Agreement, and the other terms and conditions of this award, are subject to mandatory adjustment as provided in Section 3.2 of the Plan.

12. Restrictive Covenants. If the Participant engages in any conduct in breach of any noncompetition, nonsolicitation or confidentiality obligations to the Company under any agreement, policy or plan, then such conduct shall also be deemed to be a breach of the terms of the Plan and this Agreement. Upon such breach, the Participant's right to receive Performance Shares covered by this Agreement shall be forfeited automatically and without further notice and to the extent that the Participant has received shares of Common Stock pursuant to Section 5 within a period of 18 months prior to such breach, the Participant shall be required to return to the Company, upon demand, such shares or the net proceeds of any sales. For purposes of this Section 12, net proceeds shall mean the net amount realized upon the disposition of the shares. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.
13. Recovery of Performance Shares. This Agreement is subject to the Company's Compensation Clawback Policy, adopted October 25, 2023.
14. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions that arise and to exercise its discretionary authority under the Plan in connection with the grant of ROIC Target Performance Shares, TSR Target Performance Shares and ESG Target Performance Shares.
15. Miscellaneous. All decisions or interpretations of the Committee with respect to any question arising under the Plan or this Agreement shall be binding, conclusive and final. Additionally, with regard to the ESG Target Performance Shares, the Committee reserves the right to modify the payout factor in the event of material changes in the scoring methodology utilized. The waiver by the Company of any provision of this Agreement shall not operate as or be construed to be a subsequent waiver of the same provision or of any other provision of this Agreement. The Participant agrees to execute such other agreements, documents or assignments as may be necessary or desirable to effect the purposes of this Agreement.
16. Capitalized Terms. All capitalized terms used in this Agreement that are not defined herein shall have the meanings given them in the Plan or resolutions adopted by the Committee authorizing grants made under this Agreement, unless the context clearly requires otherwise.

17. Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with, or be exempt from, the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and the Participant has executed this Agreement, as of the day and year first above written.

MYR GROUP INC.

By: _____

Name: Kenneth M. Hartwick

Title: Chair of the Board

The undersigned Participant hereby acknowledges receipt of an executed copy of this Agreement and accepts the right to receive any Performance Shares or other securities covered hereby, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

Participant

Date: _____

CERTIFICATIONS

Certification of Principal Executive Officer

I, Richard S. Swartz, Jr., certify that:

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

May 1, 2024

/s/ RICHARD S. SWARTZ, JR.

(Principal Executive Officer)
Chief Executive Officer and President

CERTIFICATIONS

Certification of Principal Financial Officer

I, Kelly M. Huntington, certify that:

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

May 1, 2024

/s/ KELLY M. HUNTINGTON

(Principal Financial Officer)

Senior Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER,
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard S. Swartz, Jr., Chief Executive Officer and President of MYR Group Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 1, 2024

/s/ RICHARD S. SWARTZ, JR.

Chief Executive Officer and President

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kelly M. Huntington, Senior Vice President and Chief Financial Officer of MYR Group, Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 1, 2024

/s/ KELLY M. HUNTINGTON

Senior Vice President and Chief Financial Officer