**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, 2022**
**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** | **36-3158643** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **12150 East 112th Avenue** | |
| **Henderson, CO** | **80640** |
| (Address of principal executive offices) | (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 x 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 x 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 | x | 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 x

As of April 22, 2022, there were 17,004,490 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, 2022 | December 31, 2021 |
|---|---|---|
| | (unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 18,732 | $ 82,092 |
| Accounts receivable, net of allowances of $2,385 and $2,441, respectively | 386,193 | 375,353 |
| Contract assets, net of allowances of $403 and $385, respectively | 243,654 | 225,075 |
| Current portion of receivable for insurance claims in excess of deductibles | 11,388 | 11,078 |
| Refundable income taxes | 5,557 | 9,228 |
| Prepaid expenses and other current assets | 50,071 | 45,564 |
| Total current assets | 715,595 | 748,390 |
| Property and equipment, net of accumulated depreciation of $331,174 and $322,128, respectively | 206,969 | 196,092 |
| Operating lease right-of-use assets | 32,438 | 20,971 |
| Goodwill | 110,594 | 66,065 |
| Intangible assets, net of accumulated amortization of $19,571 and $16,779, respectively | 102,916 | 49,054 |
| Receivable for insurance claims in excess of deductibles | 30,602 | 32,443 |
| Investment in joint ventures | 2,792 | 3,978 |
| Other assets | 3,673 | 4,099 |
| Total assets | $ 1,205,579 | $ 1,121,092 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Current portion of long-term debt | $ 1,039 | $ 1,039 |
| Current portion of operating lease obligations | 9,270 | 7,765 |
| Current portion of finance lease obligations | 1,374 | — |
| Accounts payable | 223,703 | 200,744 |
| Contract liabilities | 165,127 | 167,931 |
| Current portion of accrued self-insurance | 25,916 | 24,242 |
| Accrued income taxes | 2,866 | 2,021 |
| Other current liabilities | 68,969 | 94,857 |
| Total current liabilities | 498,264 | 498,599 |
| Deferred income tax liabilities | 24,627 | 24,620 |
| Long-term debt | 48,657 | 3,464 |
| Accrued self-insurance | 48,794 | 50,816 |
| Operating lease obligations, net of current maturities | 23,180 | 13,230 |
| Finance lease obligations, net of current maturities | 3,001 | — |
| Other liabilities | 22,778 | 11,261 |
| Total liabilities | 669,301 | 601,990 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at March 31, 2022 and December 31, 2021 | — | — |
| Common stock—$0.01 par value per share; 100,000,000 authorized shares; 16,995,250 and 16,870,636 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 170 | 168 |
| Additional paid-in capital | 159,256 | 163,754 |
| Accumulated other comprehensive income | 1,824 | 173 |
| Retained earnings | 375,028 | 355,007 |
| Total stockholders' equity | 536,278 | 519,102 |
| Total liabilities and stockholders' equity | $ 1,205,579 | $ 1,121,092 |

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, 2022 | 2021 |
|---|---|---|
| Contract revenues | $ 636,624 | $ 592,486 |
| Contract costs | 556,139 | 515,533 |
| Gross profit | 80,485 | 76,953 |
| Selling, general and administrative expenses | 53,564 | 49,647 |
| Amortization of intangible assets | 2,767 | 578 |
| Gain on sale of property and equipment | (748) | (683) |
| Income from operations | 24,902 | 27,411 |
| Other income (expense): | | |
| Interest income | 8 | 13 |
| Interest expense | (451) | (475) |
| Other income (expense), net | (15) | 41 |
| Income before provision for income taxes | 24,444 | 26,990 |
| Income tax expense | 3,756 | 7,062 |
| Net income | $ 20,688 | $ 19,928 |
| Income per common share: | | |
| —Basic | $ 1.22 | $ 1.19 |
| —Diluted | $ 1.21 | $ 1.17 |
| Weighted average number of common shares and potential common shares outstanding: | | |
| —Basic | 16,916 | 16,760 |
| —Diluted | 17,133 | 17,045 |
| | | |
| Net income | $ 20,688 | $ 19,928 |
| Other comprehensive income: | | |
| Foreign currency translation adjustment | 1,651 | 253 |
| Other comprehensive income: | 1,651 | 253 |
| Total comprehensive income | $ 22,339 | $ 20,181 |

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

**MYR GROUP INC.**

**UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

| (in thousands) | Preferred Stock | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | MYR Group Inc. Stockholders' Equity | Noncontrolling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | $ — | 16,734 | $ 167 | $ 158,618 | $ 23 | $ 270,480 | $ 429,288 | $ 4 | $ 429,292 |
| Net income | — | — | — | — | — | 19,928 | 19,928 | — | 19,928 |
| Stock issued under compensation plans, net | — | 123 | 1 | 109 | — | — | 110 | — | 110 |
| Stock-based compensation expense | — | — | — | 1,487 | — | — | 1,487 | — | 1,487 |
| Shares repurchased | — | (41) | — | (2,231) | — | (387) | (2,618) | — | (2,618) |
| Other comprehensive income | — | — | — | — | 253 | — | 253 | — | 253 |
| Stock issued - other | — | 1 | — | 12 | — | — | 12 | — | 12 |
| **Balance at March 31, 2021** | $ — | 16,817 | $ 168 | $ 157,995 | $ 276 | $ 290,021 | $ 448,460 | $ 4 | $ 448,464 |
| | | | | | | | | | |
| **Balance at December 31, 2021** | $ — | 16,871 | $ 168 | $ 163,754 | $ 173 | $ 355,007 | $ 519,102 | $ — | $ 519,102 |
| Net income | — | — | — | — | — | 20,688 | 20,688 | — | 20,688 |
| Stock issued under compensation plans, net | — | 193 | 2 | 2 | — | — | 4 | — | 4 |
| Stock-based compensation expense | — | — | — | 1,624 | — | — | 1,624 | — | 1,624 |
| Shares repurchased | — | (69) | — | (6,124) | — | (667) | (6,791) | — | (6,791) |
| Other comprehensive income | — | — | — | — | 1,651 | — | 1,651 | — | 1,651 |
| **Balance at March 31, 2022** | $ — | 16,995 | $ 170 | $ 159,256 | $ 1,824 | $ 375,028 | $ 536,278 | $ — | $ 536,278 |

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, 2022 | 2021 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net income | $ 20,688 | $ 19,928 |
| Adjustments to reconcile net income to net cash flows provided by operating activities: | | |
| Depreciation and amortization of property and equipment | 11,904 | 11,293 |
| Amortization of intangible assets | 2,767 | 578 |
| Stock-based compensation expense | 1,624 | 1,487 |
| Deferred income taxes | (1) | (47) |
| Gain on sale of property and equipment | (748) | (683) |
| Other non-cash items | 886 | 529 |
| Changes in operating assets and liabilities, net of acquisition: | | |
| Accounts receivable, net | 2,902 | 12,592 |
| Contract assets, net | (5,745) | (6,991) |
| Receivable for insurance claims in excess of deductibles | 1,531 | 802 |
| Other assets | 281 | 15,314 |
| Accounts payable | 15,613 | 29,198 |
| Contract liabilities | (4,470) | (18,087) |
| Accrued self-insurance | (352) | (285) |
| Other liabilities | (25,413) | (6,238) |
| Net cash flows provided by operating activities | 21,467 | 59,390 |
| **Cash flows from investing activities:** | | |
| Proceeds from sale of property and equipment | 1,027 | 651 |
| Cash paid for acquired business, net of cash acquired | (110,576) | — |
| Purchases of property and equipment | (14,037) | (7,031) |
| Net cash flows used in investing activities | (123,586) | (6,380) |
| **Cash flows from financing activities:** | | |
| Net borrowings under revolving lines of credit | 45,193 | — |
| Payment of principal obligations under finance leases | (437) | (273) |
| Proceeds from exercise of stock options | 4 | 110 |
| Payments related to tax withholding for stock-based compensation | (6,791) | (2,618) |
| Other financing activities | — | 12 |
| Net cash flows provided by (used in) financing activities | 37,969 | (2,769) |
| Effect of exchange rate changes on cash | 790 | 160 |
| Net increase (decrease) in cash and cash equivalents | (63,360) | 50,401 |
| **Cash and cash equivalents:** | | |
| Beginning of period | 82,092 | 22,668 |
| End of period | $ 18,732 | $ 73,069 |

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 and is currently 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 and clean energy projects 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, convention centers, clean energy projects, manufacturing plants, processing facilities, water/waste-water treatment facilities, mining facilities, intelligent transportation systems and roadway lighting.

**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, stockholders’ equity and cash flows with respect to the interim consolidated financial statements, have been included. Certain reclassifications were made to prior year amounts to conform to the current year presentation. The consolidated balance sheet as of December 31, 2021 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, 2021, included in the Company’s Annual Report on Form 10-K, which was filed with the SEC on February 23, 2022 (the "2021 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. 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 normally 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 in shareholders' equity. Foreign currency transaction gains and losses, arising primarily from changes in exchange rates on short-term monetary assets and liabilities, and ineffective long-term monetary assets and liabilities are recorded in the "other income (expense), net" line on the Company's consolidated statements of operations. Foreign currency gains and losses, recorded in other income, net, for the three months ended March 31, 2022 and 2021 were not significant. Effective foreign currency transaction gains and losses, arising primarily from long-term monetary assets and liabilities, 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, 2022 and 2021, the Company had recognized revenues of $11.4 million and $14.0 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, 2022, changes in estimates pertaining to certain projects increased consolidated gross margin by 0.5%, which resulted in increases in operating income of $3.8 million, net income of $2.7 million and diluted earnings per common share of $0.16.

During the three months ended March 31, 2021, changes in estimates pertaining to certain projects increased consolidated gross margin by 0.1%, which resulted in increases in operating income of $0.6 million, net income of $0.4 million and diluted earnings per common share of $0.02.

### 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 not listed below are either not applicable to the Company or adoption will have minimal impact on its consolidated financial statements.

#### *Recently Issued Accounting Pronouncements*

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805) Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which is intended to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to the recognition of an acquired contract liability and payment terms and their effect on subsequent revenue recognized by the acquirer. Under the new guidance the acquirer is required to recognize contract assets and contract liabilities acquired in a business combination in accordance with Topic 606 as if the acquirer had originated the contracts. The update is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in an interim period, for any period for which financial statements have not yet been issued. However, adoption in an interim period other than the first fiscal quarter requires an entity to apply the new guidance to all prior business combinations that have occurred since the beginning of the annual period in which the new guidance is adopted. The Company is currently evaluating the adoption date and impact, if any, this update will have on its financial position and results of operations.

### 2. Acquisition

*Powerline Plus Ltd*

On January 4, 2022, the Company acquired all issued and outstanding shares of capital stock of Powerline Plus Ltd. and its affiliate PLP Redimix Ltd. (collectively, the "Powerline Plus Companies"), a full-service electrical distribution construction company based in Toronto, Ontario. Consideration paid, funded through a combination of cash on hand and borrowings under the Facility (as defined below), was $110.6 million, net of cash acquired, and is subject to working capital and net asset adjustments. Additionally, the acquisition includes contingent earn-out consideration that may be payable if the Powerline Plus Companies achieve certain performance targets over a three-year post-acquisition period. As of the acquisition date, the fair value of the contingent earn-out consideration was $10.6 million. 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 $17.7 million. There were no changes in contingent earn-out consideration, subsequent to the acquisition, for the three months ended March 31, 2022. The results of the Powerline Plus Companies is included in the Company's consolidated financial statements beginning on the transaction date. Approximately $0.1 million of acquisition-related costs associated with this acquisition were expensed by the Company during the three months ended March 31, 2022.

The purchase agreement also includes contingent consideration provisions for down-side margin guarantee adjustments based upon certain contract performance subsequent to the acquisition. The contracts were valued at fair value at the acquisition date, causing no margin guarantee estimate or adjustments for fair value. Unfavorable changes in contract estimates, such as modified costs to complete or change order recognition, will result in changes to these margin guarantee estimates. Changes in margin guarantee adjustments on contracts, subsequent to the acquisition, were recorded in other income and were not significant for the three months ended March 31, 2022. Future margin guarantee adjustments, if any, are expected to be recognized through 2022 and possibly in early 2023.

The following table summarizes the allocation of the opening balance sheet as of the date of the Powerline Plus Companies acquisition:

| (in thousands) | | (as of acquisition date) January 4, 2022 |
|---|---|---|
| Cash paid | $ | 114,429 |
| Contingent consideration - fair value at acquisition date | | 10,608 |
| Preliminary estimated net asset adjustments | | 563 |
| Total consideration, net of estimated net asset adjustments | | 125,600 |
| Less: Acquired cash | | (3,853) |
| Total consideration less cash acquired, net of estimated net asset adjustments | $ | 121,747 |
| | | |
| Cash and cash equivalents | $ | 3,853 |
| Accounts receivable, net | | 12,131 |
| Contract assets, net | | 12,443 |
| Refundable income taxes | | 394 |
| Prepaid expenses and other current assets | | 1,233 |
| Property and equipment | | 10,366 |
| Operating lease right-of-use assets | | 6,631 |
| Accounts payable | | (8,095) |
| Contract liabilities | | (1,597) |
| Accrued income taxes | | (686) |
| Current portion of operating lease obligations | | (1,224) |
| Current portion of finance lease obligations | | (1,492) |
| Deferred income tax liabilities | | (672) |
| Operating lease obligations, net of current maturities | | (4,897) |
| Finance lease obligations, net of current maturities | | (3,243) |
| Net identifiable assets and liabilities | | 25,145 |
| Unallocated intangible assets | | 56,650 |
| Total acquired assets and liabilities | | 81,795 |
| Goodwill | $ | 43,805 |

The Company has developed preliminary estimates of fair value of the assets acquired and liabilities assumed for the purposes of allocating the purchase price. The goodwill to be recognized, which represents the excess of the purchase price over the net amount of the fair values assigned to assets acquired and liabilities assumed, is primarily attributable to the value of an assembled workforce and other non-identifiable assets. No synergies were anticipated in the acquisition as the Powerline Plus Companies will function as an individual business within the Company's operating structure. Further adjustments are expected to the allocation as third party valuations of contingent earn-out consideration, acquired right-of-use assets and lease liabilities and identifiable intangible assets, including backlog, customer relationships, trade name and off-market component, are determined, and as net asset adjustments are finalized. Additionally, the Company is currently performing an analysis of the purchase price allocation and will make appropriate adjustments based on the analysis. A portion of the goodwill and identifiable intangible assets are expected to be tax deductible per applicable Canadian Revenue Authority regulations.

### 3. 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, which 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 $0.4 million as of March 31, 2022 and December 31, 2021.

Contract assets consisted of the following:

| (in thousands) | March 31, 2022 | December 31, 2021 | Change |
|---|---|---|---|
| Unbilled revenue, net | $ 140,242 | $ 134,187 | $ 6,055 |
| Contract retainages, net | 103,412 | 90,888 | 12,524 |
| Contract assets, net | $ 243,654 | $ 225,075 | $ 18,579 |

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

Contract liabilities consisted of the following:

| (in thousands) | March 31, 2022 | December 31, 2021 | Change |
|---|---|---|---|
| Deferred revenue | $ 162,584 | $ 165,699 | $ (3,115) |
| Accrued loss provision | 2,543 | 2,232 | 311 |
| Contract liabilities | $ 165,127 | $ 167,931 | $ (2,804) |

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

| (in thousands) | March 31, 2022 | December 31, 2021 | Change |
|---|---|---|---|
| Contract assets, net | $ 243,654 | $ 225,075 | $ 18,579 |
| Contract liabilities | (165,127) | (167,931) | 2,804 |
| Net contract assets (liabilities) | $ 78,527 | $ 57,144 | $ 21,383 |

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 $17.9 million and $41.4 million for the three months ended March 31, 2022 and 2021, respectively.

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

| (in thousands) | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Costs and estimated earnings on uncompleted contracts | $ 4,153,142 | $ 4,130,621 |
| Less: billings to date | 4,175,484 | 4,162,133 |
| | $ (22,342) | $ (31,512) |

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, 2022 | December 31, 2021 |
|---|---|---|
| Unbilled revenue | $ 140,242 | $ 134,187 |
| Deferred revenue | (162,584) | (165,699) |
| | $ (22,342) | $ (31,512) |

**4. 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 eight years, some of which may include options to extend the leases for up to five 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, 2022, 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 on-going 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, 2022 | December 31, 2021 |
|---|---|---|---|
| **Assets** | | | |
| Operating lease right-of-use assets | Operating lease right-of-use assets | $ 32,438 | $ 20,971 |
| Finance lease right-of-use assets | Property and equipment, net of accumulated depreciation | 4,829 | — |
| Total right-of-use lease assets | | $ 37,267 | $ 20,971 |
| **Liabilities** | | | |
| Current | | | |
| Operating lease obligations | Current portion of operating lease obligations | $ 9,270 | $ 7,765 |
| Finance lease obligations | Current portion of finance lease obligations | 1,374 | — |
| Total current obligations | | 10,644 | 7,765 |
| Non-current | | | |
| Operating lease obligations | Operating lease obligations, net of current maturities | 23,180 | 13,230 |
| Finance lease obligations | Finance lease obligations, net of current maturities | 3,001 | — |
| Total non-current obligations | | 26,181 | 13,230 |
| Total lease obligations | | $ 36,825 | $ 20,995 |

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Weighted-average remaining lease term - finance leases | 2.4 years | 0.0 years |
| Weighted-average remaining lease term - operating leases | 3.9 years | 2.9 years |
| Weighted-average discount rate - finance leases | 2.6 % | — % |
| Weighted-average discount rate - operating leases | 3.9 % | 3.9 % |

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, 2022 | Three months ended March 31, 2021 |
|---|---|---|
| **Lease cost:** | | |
| Finance lease cost: | | |
| Amortization of right-of-use assets | $ 609 | $ 189 |
| Interest on lease liabilities | 28 | 3 |
| Operating lease cost | 3,122 | 2,486 |
| Variable lease costs | 91 | 76 |
| Total lease cost | $ 3,850 | $ 2,754 |

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, 2022 | Three months ended March 31, 2021 |
|---|---|---|
| **Other information:** | | |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | $ 3,179 | $ 2,540 |
| Right-of-use asset obtained in exchange for new operating lease obligations | $ 4,392 | $ 1,502 |

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, 2022 were as follows:

| (in thousands) | Finance Lease Obligations | Operating Lease Obligations | Total Lease Obligations |
|---|---|---|---|
| Remainder of 2022 | $ 1,158 | $ 9,132 | $ 10,290 |
| 2023 | 1,157 | 10,174 | 11,331 |
| 2024 | 2,056 | 7,178 | 9,234 |
| 2025 | 186 | 5,080 | 5,266 |
| 2026 | — | 3,963 | 3,963 |
| 2027 | — | 770 | 770 |
| Thereafter | — | 1,398 | 1,398 |
| Total minimum lease payments | 4,557 | 37,695 | 42,252 |
| Financing component | (182) | (5,245) | (5,427) |
| Net present value of minimum lease payments | 4,375 | 32,450 | 36,825 |
| Less: current portion of finance and operating lease obligations | (1,374) | (9,270) | (10,644) |
| Long-term finance and operating lease obligations | $ 3,001 | $ 23,180 | $ 26,181 |

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. As of March 31, 2022, the minimum lease payments required under these leases totaled $8.7 million, which are due over the next 4.8 years.

**5. 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, 2022 and December 31, 2021, the Company determined that the carrying value of cash and cash equivalents approximated fair value based on Level 1 inputs. As of March 31, 2022 and December 31, 2021, the fair values of the Company's long-term debt and finance lease obligations were based on Level 2 inputs. The Company's long-term debt was based on variable and fixed interest rates at March 31, 2022 and December 31, 2021, 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 values of the Company's finance lease obligations also approximated fair value.

As of March 31, 2022, the fair values of the Company's contingent earn-out consideration liability associated with the acquisition of the Powerline Plus Companies was based on Level 3 inputs. The contingent earn-out consideration recorded represent the estimated fair values of future amounts potentially payable to the former owners of the acquired Powerline Plus Companies and 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.

**6. 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, 2022 | Outstanding Balance as of December 31, 2021 |
|---|---|---|---|---|---|---|
| *Credit Agreement* | | | | | | |
| Revolving loans | 9/13/2019 | Variable | Variable | 5 | $ 45,193 | $ — |
| | | | | | | |
| *Equipment Notes* | | | | | | |
| Equipment Note 8 | 12/27/2019 | 2.75% | Semi-annual | 5 | 4,503 | 4,503 |
| | | | | | 4,503 | 4,503 |
| Total debt | | | | | 49,696 | 4,503 |
| Less: current portion of long-term debt | | | | | (1,039) | (1,039) |
| Long-term debt | | | | | $ 48,657 | $ 3,464 |

***Credit Agreement***

On September 13, 2019, the Company entered into a five-year 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 $375 million facility (the "Facility"), subject to certain financial covenants as defined in the Credit Agreement, that may be used for revolving loans of which $150 million may be used for letters of credit. The Facility also allows for revolving loans and letters of credit in Canadian dollars and other currencies, up to the U.S. dollar equivalent of $75 million. 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. 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 for refinancing existing indebtedness, working capital, capital expenditures, acquisitions, share repurchases, 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 0.00% to 0.75%; or (2) Adjusted LIBO Rate (as defined in the Credit Agreement) plus an applicable margin ranging from 1.00% to 1.75%. The applicable margin is determined based on the Company's consolidated leverage ratio (the "Leverage Ratio") which is defined in the Credit Agreement as Consolidated Total Indebtedness (as defined in the Credit Agreement) divided by Consolidated EBITDA (as defined in the Credit Agreement). Letters of credit issued under the Facility are subject to a letter of credit fee of 1.00% to 1.75% for non-performance letters of credit or 0.50% to 0.875% for performance letters of credit, based on the Company's consolidated Leverage Ratio. The Company is subject to a commitment fee of 0.15% to 0.25%, based on the Company's consolidated Leverage Ratio, on any unused portion of the Facility. The Credit Agreement restricts certain types of payments when the Company's consolidated Leverage Ratio exceeds 2.50 or the Company's consolidated Liquidity (as defined in the Credit Agreement) is less than $50 million. The weighted average interest rate on borrowings outstanding on the Facility for the three months ended March 31, 2022 was 1.34% per annum.

Under the Credit Agreement, the Company is subject to certain financial covenants and is limited to a maximum consolidated Leverage Ratio of 3.0 and a minimum interest coverage ratio of 3.0, 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). 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, 2022.

As of March 31, 2022, the Company had $45.2 million of debt outstanding under the Facility and letters of credit outstanding under the Facility of approximately $12.3 million, which are almost entirely related to the Company's payment obligation under its insurance programs.

As of December 31, 2021, the Company had no debt outstanding under the Facility and letters of credit outstanding under the Facility of approximately $12.3 million, which are almost entirely related to the Company's payment obligation under its insurance programs.

The Company had remaining deferred debt issuance costs totaling $0.8 million as of March 31, 2022, 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 banks. The Master Loan Agreements may be used for the financing of equipment between the Company and the lending banks 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, 2022, the Company had one Equipment Note outstanding under the Master Loan Agreements that is collateralized by equipment and vehicles owned by the Company. The following table sets forth our remaining principal payments for the Company's outstanding Equipment Note as of March 31, 2022:

| **(in thousands)** | **Future Equipment Notes Principal Payments** |
|---|---|
| Remainder of 2022 | $ 1,039 |
| 2023 | 1,067 |
| 2024 | 2,397 |
| Total future principal payments | 4,503 |
| Less: current portion of equipment notes | (1,039) |
| Long-term principal obligations | $ 3,464 |

**7. 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 11–Segment Information.

The components of the Company's revenue by contract type for the three months ended March 31, 2022 and 2021 were as follows:

| | Three months ended March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | T&D | | C&I | | Total | |
| (dollars in thousands) | Amount | Percent | Amount | Percent | Amount | Percent |
| Fixed price | $ 150,904 | 41.4 % | $ 218,577 | 80.4 % | $ 369,481 | 58.0 % |
| Unit price | 104,321 | 28.6 | 14,803 | 5.4 | 119,124 | 18.7 |
| T&E | 109,631 | 30.0 | 38,388 | 14.2 | 148,019 | 23.3 |
| | $ 364,856 | 100.0 % | $ 271,768 | 100.0 % | $ 636,624 | 100.0 % |

| | Three months ended March 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | T&D | | C&I | | Total | |
| (dollars in thousands) | Amount | Percent | Amount | Percent | Amount | Percent |
| Fixed price | $ 152,067 | 48.3 % | $ 227,670 | 82.0 % | $ 379,737 | 64.1 % |
| Unit price | 85,345 | 27.1 | 18,427 | 6.6 | 103,772 | 17.5 |
| T&E | 77,496 | 24.6 | 31,481 | 11.4 | 108,977 | 18.4 |
| | $ 314,908 | 100.0 % | $ 277,578 | 100.0 % | $ 592,486 | 100.0 % |

The components of the Company's revenue by market type for the three months ended March 31, 2022 and 2021 were as follows:

| | Three months ended March 31, 2022 | | | Three months ended March 31, 2021 | | |
|---|---|---|---|---|---|---|
| (dollars in thousands) | Amount | Percent | Segment | Amount | Percent | Segment |
| Transmission | $ 221,607 | 34.8 % | T&D | $ 211,227 | 35.7 % | T&D |
| Distribution | 143,249 | 22.5 | T&D | 103,681 | 17.5 | T&D |
| Electrical construction | 271,768 | 42.7 | C&I | 277,578 | 46.8 | C&I |
| Total revenue | $ 636,624 | 100.0 % | | $ 592,486 | 100.0 % | |

***Remaining Performance Obligations***

As of March 31, 2022, the Company had $2.28 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 following table summarizes the amount of remaining performance obligations as of March 31, 2022 that the Company expects to be realized and the amount of the remaining performance obligations that the Company reasonably estimates will not be recognized within the next twelve months.

| (in thousands) | Remaining Performance Obligations at March 31, 2022 Total | Amount estimated to not be recognized within 12 months | Total at December 31, 2021 |
|---|---|---|---|
| T&D | $ 1,007,561 | $ 223,496 | $ 572,032 |
| C&I | 1,275,188 | 472,744 | 1,105,866 |
| Total | $ 2,282,749 | $ 696,240 | $ 1,677,898 |

The Company expects a vast majority of the remaining performance obligations to be recognized within twenty-four months, although the timing of the Company's performance is not always under its control. 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."

## 8. Income Taxes

The U.S. federal statutory tax rate was 21% for each of the three months ended March 31, 2022 and 2021. The Company's effective tax rate for the three months ended March 31, 2022 was 15.4% of pretax income compared to the effective tax rate for the three months ended March 31, 2021 of 26.2%.

The difference between the U.S. federal statutory tax rate and the Company's effective tax rate for the three months ended March 31, 2022, was primarily due to a favorable impact from stock compensation excess tax benefits partially offset by state income taxes, foreign earnings and other permanent difference items.

The difference between the U.S. federal statutory tax rate and the Company's effective tax rate for the three months ended March 31, 2021, was primarily due to state income taxes and foreign earnings and the associated impact of the global intangible low tax income ("GILTI") and other permanent difference items, partially offset by a favorable impact from stock compensation excess tax benefits.

The Company had unrecognized tax benefits of approximately $0.4 million as of March 31, 2022 and December 31, 2021, 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, 2022 and 2021.

The Company is subject to taxation in various jurisdictions. The Company's 2018 through 2020 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 2017 through 2020.

## 9. Commitments and Contingencies

***Purchase Commitments***

As of March 31, 2022, the Company had approximately $17.2 million in outstanding purchase orders for certain construction equipment, with cash payments scheduled to occur over the next nine months.

***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, except for wildfire coverage which has a deductible of $2.0 million. The Company also maintains excess umbrella coverage providing higher layers of insurance coverage for losses that exhaust the limits of underlying coverage. A layer of this umbrella coverage requires the Company to pay a portion of any loss within a certain loss range and our potential exposure for such losses is up to approximately $3.8 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, 2022, an aggregate of approximately $1.46 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 $579.7 million as of March 31, 2022.

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 and 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 underfunding status of some of the multi-employer pension plans to which its subsidiaries contribute have been classified as "critical" status, 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 our business, as well as in respect of our divested businesses. 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 position, results of operations or cash flows.

**10. Stock-Based Compensation**

The Company maintains two equity compensation plans under which stock-based compensation has been granted: the 2017 Long-Term Incentive Plan (which was amended and restated as of April 23, 2020) (the "LTIP") and the 2007 Long-Term Incentive Plan (as amended) (the "2007 Plan"). Upon the adoption of the original LTIP in 2017, awards were no longer granted under the 2007 Plan. The LTIP 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 share awards, (g) phantom stock units, (h) stock bonuses, (i) dividend equivalents, and (j) any combination of such grants. The Company has outstanding grants of non-qualified stock options, 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, 2022, the Company granted time-vested stock awards covering 35,659 shares of common stock under the LTIP, which vest ratably over three years, at a weighted average grant date fair value of $99.22. During the three months ended March 31, 2022, time-vested stock awards covering 64,133 shares of common stock vested at a weighted average grant date fair value of $38.66.

During the three months ended March 31, 2022, the Company granted 31,603 performance share awards under the LTIP at target, which will cliff vest, if earned, on December 31, 2024, at a weighted average grant date fair value of $118.82. 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 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.

During the three months ended March 31, 2022, plan participants exercised options to purchase 236 shares of the Company's common stock with a weighted average exercise price of $17.48.

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.

**11. 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 2021 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 and clean energy projects. The T&D segment also provides emergency restoration services in response to hurricane, ice or other storm-related damage. 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 and roadway lighting. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, stadiums, convention centers, 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:

| | Three months ended March 31, | |
|---|---|---|
| **(in thousands)** | **2022** | **2021** |
| **Contract revenues:** | | |
| T&D | $ 364,856 | $ 314,908 |
| C&I | 271,768 | 277,578 |
| | $ 636,624 | $ 592,486 |
| **Income from operations:** | | |
| T&D | $ 30,431 | $ 28,673 |
| C&I | 10,090 | 14,272 |
| General Corporate | (15,619) | (15,534) |
| | $ 24,902 | $ 27,411 |

## 12. 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 available to stockholders by the weighted average number of common shares outstanding during the period, and diluted earnings per share are computed by dividing net income available to stockholders 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, 2022 | 2021 |
|---|---|---|
| Numerator: | | |
| Net income | $ 20,688 | $ 19,928 |
| Denominator: | | |
| Weighted average common shares outstanding | 16,916 | 16,760 |
| Weighted average dilutive securities | 217 | 285 |
| Weighted average common shares outstanding, diluted | 17,133 | 17,045 |
| Income per common share: | | |
| Basic | $ 1.22 | $ 1.19 |
| Diluted | $ 1.21 | $ 1.17 |

For the three months ended March 31, 2022 and 2021, certain common stock equivalents were excluded from the calculation of dilutive securities because their inclusion would either have been anti-dilutive or, for stock options, the exercise prices of those stock options were greater than the average market price of the Company's common stock for the period. All of the Company's unvested time-vested stock awards were included in the computation of weighted average dilutive securities.

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, 2022 | 2021 |
|---|---|---|
| Time-vested stock awards | 36 | 48 |
| Performance awards | 32 | 42 |

## 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, 2021 (the "2021 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 2021 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 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 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 proposed 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 renewable energy spending. We believe the proposed legislative actions are likely to provide greater long-term opportunity in both of our reporting segments. However both of our segments and supporting operations may be subject to delays and cost volatility due to the continued market disruption from the COVID-19 pandemic, inflationary pressures, supply chain disruptions, tariffs and regulatory slowdowns. These delays and cost volatility could result in decelerations in project opportunities and awards.

We had consolidated revenues for the three months ended March 31, 2022 of $636.6 million, of which 57.3% was attributable to our T&D customers and 42.7% was attributable to our C&I customers. Our consolidated revenues for the three months ended March 31, 2021 were $592.5 million. For the three months ended March 31, 2022, our net income and EBITDA[(1)] were $20.7 million and $39.6 million, respectively, compared to $19.9 million and $39.3 million, respectively, for the three months ended March 31, 2021.

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 sources of renewable generation. Consequently, we anticipate that we will continue to see significant 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 2022 will not likely have a large impact on 2022 results. Bidding and construction activity for small to medium-size transmission projects and upgrades remain active, and we expect this trend to continue, primarily due to reliability and economic drivers.

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

As a result of reduced spending by United States utilities on their distribution systems for several years, we believe there is a need for sustained investment by utilities on their distribution systems to properly maintain or meet reliability requirements. We continue to see increased bidding activity in some of our electric distribution markets, as economic conditions improved in those areas. We believe the increased hurricane activity and destruction caused by wildfires will cause a push to strengthen utility distribution systems against catastrophic damage. Several industry and market trends are also prompting customers in the electric utility industry to seek outsourcing partners rather than performing projects internally. These trends include an aging electric utility workforce, increasing costs and staffing constraints. We believe electric utility employee retirements could increase, which may result in an increase in outsourcing opportunities. We expect to see an incremental increase in distribution opportunities in the United States and in Ontario, Canada during the rest of 2022, due to the acquisition of the Powerline Plus Companies.

We expect C&I bidding opportunities to continue to be impacted by various recent market disruptions, and as a result the ultimate recovery of the C&I market will be heavily dependent on the timing and pace of the United States and Canada economic recoveries. We believe that the primary markets we serve may be somewhat less vulnerable to economic slowing, such as health care, transportation, data centers, warehousing, clean energy and water projects. We are hopeful that the service industry and small project market could quickly rebound as pent-up demand will need to be addressed.

In addition, the United States has experienced decades of underfunded economic expansion and aging infrastructure which has 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. We expect the long-term growth in our C&I segment to generally track the economic growth of the regions we serve.

We strive to maintain our status as a preferred provider to our T&D and C&I customers. In an effort to support our growth strategy and maximize stockholder returns, we seek to efficiently manage our capital. We continue to implement strategies that further expand our capabilities and allow opportunities to provide prudent capital returns. On January 4, 2022, we acquired all issued and outstanding shares of capital stock of Powerline Plus Ltd. and its affiliate (collectively, the “Powerline Plus Companies"), which expanded our distribution operations in Ontario, Canada.

We continue to manage our increasing costs for supporting our operations, 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 manage our markets and give us the flexibility to successfully execute our strategies. We continue to invest in developing key management and craft personnel in both our T&D and C&I markets 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 7–Revenue Recognition in the accompanying notes to our Consolidated Financial Statements.

Our backlog was $2.41 billion at March 31, 2022, compared to $1.79 billion at December 31, 2021 and $1.64 billion at March 31, 2021. Our backlog at March 31, 2022 increased 34.5% from December 31, 2021. Backlog in the T&D segment increased $446.8 million and C&I backlog increased $169.6 million compared to December 31, 2021. Our backlog as of March 31, 2022 included our proportionate share of joint venture backlog totaling $4.2 million, compared to $5.4 million at December 31, 2021.

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:

| (in thousands) | Backlog at March 31, 2022 Total | Backlog at March 31, 2022 Amount estimated to not be recognized within 12 months | Total backlog at December 31, 2021 |
|---|---|---|---|
| T&D | $ 1,122,937 | $ 223,496 | $ 676,130 |
| C&I | 1,282,592 | 472,744 | 1,113,014 |
| Total | $ 2,405,529 | $ 696,240 | $ 1,789,144 |

## 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:

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| (dollars in thousands) | Amount | Percent | Amount | Percent |
| Contract revenues | $ 636,624 | 100.0 % | $ 592,486 | 100.0 % |
| Contract costs | 556,139 | 87.4 | 515,533 | 87.0 |
| Gross profit | 80,485 | 12.6 | 76,953 | 13.0 |
| Selling, general and administrative expenses | 53,564 | 8.4 | 49,647 | 8.4 |
| Amortization of intangible assets | 2,767 | 0.4 | 578 | 0.1 |
| Gain on sale of property and equipment | (748) | (0.1) | (683) | (0.1) |
| Income from operations | 24,902 | 3.9 | 27,411 | 4.6 |
| Other income (expense): | | | | |
| Interest income | 8 | — | 13 | — |
| Interest expense | (451) | (0.1) | (475) | (0.1) |
| Other income (expense), net | (15) | — | 41 | — |
| Income before provision for income taxes | 24,444 | 3.8 | 26,990 | 4.5 |
| Income tax expense | 3,756 | 0.6 | 7,062 | 1.1 |
| Net income | $ 20,688 | 3.2 % | $ 19,928 | 3.4 % |

## Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

*Revenues.* Revenues were $636.6 million for the three months ended March 31, 2022 compared to $592.5 million for the three months ended March 31, 2021. The increase of $44.1 million, or 7.4%, was primarily due to an increase in revenue on distribution projects, incremental revenues from the Powerline Plus Companies and an increase in revenue from transmission projects, partially offset by a decrease in C&I revenue in certain geographical areas.

*Gross margin.* Gross margin was 12.6% for the three months ended March 31, 2022 compared to 13.0% for the three months ended March 31, 2021. The decrease in gross margin was primarily due to overall cost increases mainly associated with supply chain disruptions and impacts from the COVID-19 pandemic some of which also caused labor and material inefficiencies on certain projects, as well as inclement weather experienced on certain projects. These margin decreases were partially offset by favorable job close outs and net favorable change order adjustments on certain projects. Changes in estimates of gross profit on certain projects resulted in a gross margin increases of 0.5% and 0.1% for the three months ended March 31, 2022 and 2021, respectively.

*Gross profit.* Gross profit was $80.5 million for the three months ended March 31, 2022 compared to $77.0 million for the three months ended March 31, 2021. The increase of $3.5 million, or 4.6%, was due to higher revenues partially offset by lower margins.

*Selling, general and administrative expenses.* Selling, general and administrative expenses ("SG&A") were $53.6 million for the three months ended March 31, 2022 compared to $49.6 million for the three months ended March 31, 2021. The period-over-period increase of $4.0 million was primarily due to the acquisition of the Powerline Plus Companies.

*Amortization of intangible assets.* Amortization of intangible assets was $2.8 million for the three months ended March 31, 2022 compared to $0.6 million for the three months ended March 31, 2021. The period-over-period increase of $2.2 million was primarily due to amortization related to certain intangibles acquired with the Powerline Plus Companies.

*Gain on sale of property and equipment*. Gains from the sale of property and equipment for the three months ended March 31, 2022 and 2021 were $0.7 million. 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.

*Income tax expense.* Income tax expense was $3.8 million for the three months ended March 31, 2022, with an effective tax rate of 15.4%, compared to the expense of $7.1 million for the three months ended March 31, 2021, with an effective tax rate of 26.2%. The decrease in the tax rate for the three months ended March 31, 2022 was primarily due to a favorable impact from stock compensation excess tax benefits and the reduction of the impact of the global intangible low tax income (“GILTI”).

*Net income.* Net income was $20.7 million for the three months ended March 31, 2022 compared to $19.9 million for the three months ended March 31, 2021. The increase 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:

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| (dollars in thousands) | Amount | Percent | Amount | Percent |
| **Contract revenues:** | | | | |
| Transmission & Distribution | $ 364,856 | 57.3 % | $ 314,908 | 53.2 % |
| Commercial & Industrial | 271,768 | 42.7 | 277,578 | 46.8 |
| Total | $ 636,624 | 100.0 % | $ 592,486 | 100.0 % |
| **Operating income (loss):** | | | | |
| Transmission & Distribution | $ 30,431 | 8.3 % | $ 28,673 | 9.1 % |
| Commercial & Industrial | 10,090 | 3.7 | 14,272 | 5.1 |
| Total | 40,521 | 6.4 | 42,945 | 7.2 |
| General Corporate | (15,619) | (2.5) | (15,534) | (2.6) |
| Consolidated | $ 24,902 | 3.9 % | $ 27,411 | 4.6 % |

*Transmission & Distribution*

Revenues for our T&D segment for the three months ended March 31, 2022 were $364.9 million compared to $314.9 million for the three months ended March 31, 2021, an increase of $50.0 million, or 15.9%. The increase in revenue was primarily related to an increase in revenue on distribution projects, incremental revenues from the Powerline Plus Companies and an increase in revenue from transmission projects. Revenues from transmission projects represented 60.7% and 67.1% of T&D segment revenue for the three months ended March 31, 2022 and 2021, respectively.

Operating income for our T&D segment for the three months ended March 31, 2022 was $30.4 million, an increase of $1.8 million, or 6.1%, from the three months ended March 31, 2021. The increase in T&D operating income from the prior year was primarily due to higher revenues and a favorable job close-out. These increases were partially offset by the additional $2.2 million of amortization related to certain intangibles acquired with the Powerline Plus Companies and overall cost increases from supply chain disruptions, impacts from the COVID-19 pandemic and inclement weather experienced on certain projects. As a percentage of revenues, operating income for our T&D segment was 8.3% for the three months ended March 31, 2022 compared to 9.1% for the three months ended March 31, 2021.

*Commercial & Industrial*

Revenues for our C&I segment for the three months ended March 31, 2022 were $271.8 million compared to $277.6 million for the three months ended March 31, 2021, a decrease of $5.8 million, or 2.1%, primarily due to a decrease in revenue in certain geographical areas.

Operating income for our C&I segment for the three months ended March 31, 2022 was $10.1 million, a decrease of $4.2 million, over the three months ended March 31, 2021. The period-over-period decrease in operating income was primarily due to overall cost increases mainly associated with supply chain disruptions and impacts from the COVID-19 pandemic some of which also caused labor and material inefficiencies on certain projects. The decrease in operating income was partially offset by a favorable job close out and net favorable change order adjustments on certain projects. As a percentage of revenues, operating income for our C&I segment was 3.7% for the three months ended March 31, 2022 compared to 5.1% for the three months ended March 31, 2021.

**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 stockholders. 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 stockholders.

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

| | Three months ended March 31, | |
|---|---|---|
| **(in thousands)** | **2022** | **2021** |
| Net income | $ 20,688 | $ 19,928 |
| *Add:* | | |
| Interest expense, net | 443 | 462 |
| Income tax expense | 3,756 | 7,062 |
| Depreciation & amortization | 14,671 | 11,871 |
| EBITDA | $ 39,558 | $ 39,323 |

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 leverage ratio, which is defined in the Credit Agreement as Consolidated Total 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, 2022 | 2021 |
|---|---|---|
| **Provided by Operating Activities:** | | |
| Net cash flows provided by operating activities | $ 21,467 | $ 59,390 |
| *Add/(subtract):* | | |
| Changes in operating assets and liabilities | 15,653 | (26,305) |
| Adjustments to reconcile net income to net cash flows provided by operating activities | (16,432) | (13,157) |
| Depreciation & amortization | 14,671 | 11,871 |
| Income tax expense | 3,756 | 7,062 |
| Interest expense, net | 443 | 462 |
| EBITDA | $ 39,558 | $ 39,323 |

**Liquidity, Capital Resources and Material Cash Requirements**

As of March 31, 2022, we had working capital of $217.3 million. We define working capital as current assets less current liabilities. During the three months ended March 31, 2022, operating activities of our business provided net cash of $21.5 million, compared to $59.4 million of cash provided for the three months ended March 31, 2021. Cash flow from operations is primarily influenced by demand for our services, operating margins, timing of contract performance and the type of services we provide to our customers. The $37.9 million year-over-year decrease in cash provided by operating activities was primarily due to unfavorable net changes in operating assets and liabilities of $42.0 million, partially offset by an increase in net income of $0.8 million. The unfavorable change in operating assets and liabilities was primarily due to an unfavorable change of $19.2 million in other liabilities and an unfavorable change of $15.0 million in other assets, partially offset by 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 $8.4 million. The unfavorable change of $19.2 million in other liabilities was primarily due to the timing of employee incentive compensation payments. The unfavorable change in other assets was primarily due to the incremental prepayment of materials required for a large project offset by a decrease in our prepaid insurance. The unfavorable changes in cash provided by working capital accounts, primarily related to construction activities, was primarily due to unfavorable changes in contract assets and contract liabilities due to the timing of billings and payments under our contracts.

In the three months ended March 31, 2022, we used net cash of $123.6 million in investing activities consisting of $110.6 million to acquire the Powerline Plus Companies and $14.0 million for capital expenditures, partially offset by $1.0 million of proceeds from the sale of equipment.

In the three months ended March 31, 2022, financing activities provided net cash of $38.0 million, consisting primarily of $45.2 million of borrowing under our revolving line of credit, partially offset by share repurchases of $6.8 million, all of which represented shares surrendered to satisfy tax obligations under our stock compensation programs.

We believe that our $317.5 million borrowing availability under our revolving line of credit at March 31, 2022, future cash flow from operations and our ability to utilize short- and long-term leases will provide sufficient liquidity for our short- and long-term needs. Our primary short-term liquidity needs include cash for operations, debt service requirements, capital expenditures, acquisition and joint venture opportunities and $12.6 million of remaining payroll tax deferrals provided under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which are expected to be paid by the end of 2022. We believe that we have an adequate source of liquidity to meet our long-term liquidity needs and foreseeable material cash requirements. We continue to invest in developing key management and craft personnel in both our T&D and C&I markets 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 September 13, 2019, we entered into a five-year 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. The Credit Agreement provides for a facility of $375 million (the “Facility”), subject to certain financial covenants as defined in the Credit Agreement, that may be used for revolving loans of which $150 million may be used for letters of credit. The Facility also allows for revolving loans and letters of credit in Canadian dollars and other currencies, up to the U.S. dollar equivalent of $75 million. We have 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 our assets and the assets of our domestic subsidiaries and by a pledge of substantially all of the capital stock of our domestic subsidiaries and 65% of the capital stock of our direct foreign subsidiaries. Additionally, subject to certain exceptions, our domestic subsidiaries also guarantee the repayment of all amounts due under the Credit Agreement. 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 Facility are used for refinancing existing debt, working capital, capital expenditures, acquisitions and other general corporate purposes.

Amounts borrowed under the Credit Agreement bear interest, at our option, at a rate equal to either (1) the Alternate Base Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 0.00% to 0.75%; or (2) Adjusted LIBO Rate (as defined in the Credit Agreement) plus an applicable margin ranging from 1.00% to 1.75%. The applicable margin is determined based on our consolidated leverage ratio (“Leverage Ratio”) which is defined in the Credit Agreement as Consolidated Total Indebtedness (as defined in the Credit Agreement) divided by Consolidated EBITDA (as defined in the Credit Agreement). Letters of credit issued under the Facility are subject to a letter of credit fee of 1.00% to 1.75% for non-performance letters of credit or 0.50% to 0.875% for performance letters of credit, based on our consolidated Leverage Ratio. We are subject to a commitment fee of 0.15% to 0.25%, based on our consolidated Leverage Ratio, on any unused portion of the Facility. The Credit Agreement restricts certain types of payments when our consolidated Leverage Ratio exceeds 2.50 or our consolidated Liquidity (as defined in the Credit Agreement) is less than $50.0 million.

Under the Credit Agreement, we are subject to certain financial covenants and are limited to a maximum consolidated Leverage Ratio of 3.0 and a minimum interest coverage ratio of 3.0, 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). The Credit Agreement also contains a number of covenants, including limitations on asset sales, investments, indebtedness and liens. We were in compliance with all of the financial covenants under the Credit Agreement as of March 31, 2022.

We had $45.2 million of debt outstanding under the Facility as of March 31, 2022. We had no debt outstanding under the Facility as of December 31, 2021.

*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 that it is likely that any claims will be made under any letter of credit.

As of March 31, 2022 and December 31, 2021, we had $12.3 million in letters of credit outstanding under our Credit Agreement, which are almost entirely related to the Company's payment obligation under its insurance programs.

*Equipment Notes*

We have entered into multiple Master Loan Agreements with multiple banks. The Master Loan Agreements may be used for financing of equipment between us and the lending banks 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, 2022 and December 31, 2021, we had one outstanding Equipment Note collateralized by equipment and vehicles owned by us. The outstanding balance of this Equipment Note was $4.5 million as of March 31, 2022 and December 31, 2021. As of March 31, 2022 and December 31, 2021, we had outstanding short-term and long-term Equipment Notes of approximately $1.0 million and $3.5 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 eight years, some of which may include options to extend the leases for up to five 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 $32.5 million as of March 31, 2022. As of March 31, 2022, we had outstanding short-term and long-term operating lease obligations of approximately $9.3 million and $23.2 million, respectively. The outstanding balance of operating lease obligations was $21.0 million as of December 31, 2021. As of December 31, 2021, we had outstanding short-term and long-term operating lease obligations of approximately $7.8 million and $13.2 million, respectively.

The outstanding balance of finance lease obligations was $4.4 million as of March 31, 2022. As of March 31, 2022 we had outstanding short-term and long-term finance lease obligations of approximately $1.4 million and $3.0 million, respectively. As of December 31, 2021 we had no outstanding finance lease obligations.

*Purchase Commitments for Construction Equipment*

As of March 31, 2022, we had approximately $17.2 million in outstanding purchase obligations for certain construction equipment to be paid with cash outlays scheduled to occur over the next nine months.

*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 our sureties, with the consent of our lenders under the Credit Agreement, we have granted security interests in certain of our assets to collateralize our obligations to the surety. We may be required to post letters of credit or other collateral in favor of the surety or our customers. Posting letters of credit in favor of the surety or our customers reduces the borrowing availability under the Credit Agreement. To date, we have not been required to make any reimbursements to any of our sureties for bond-related costs. We believe that it is unlikely that we will have to fund significant claims under our surety arrangements. As of March 31, 2022, an aggregate of approximately $1.46 billion in original face amount of bonds issued by our sureties were outstanding. Our estimated remaining cost to complete these bonded projects was approximately $579.7 million as of March 31, 2022.

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, 2022 and 2021, 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 2021 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. In addition, many of these risks, contingencies and uncertainties are currently amplified by, and may continue to be amplified by, the COVID-19 pandemic. These and other important factors, including those discussed under the caption “Forward-Looking Statements” and in Item 1A. “Risk Factors” in our 2021 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 may adversely impact our customers’ future 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 may 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 may 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 restrict our ability to expand and harm our business and prospects.
- 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.
- Health outbreaks such as the COVID-19 pandemic may 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 could 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 renewable energy may impact demand for our services.
- We may 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, 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.
- 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

As of March 31, 2022, we were not party to any derivative instruments. We did not use any material derivative financial instruments during the three months ended March 31, 2022 and 2021, including instruments for trading, hedging or speculating on changes in interest rates or commodity prices of materials used in our business.

As of March 31, 2022, we had $45.2 million of borrowings under our Facility. Any borrowings under our Facility are based upon interest rates that will vary depending upon the prime rate, Canadian prime rate, federal funds effective rate, the

NYFRB overnight bank funding rate, CDOR, and LIBOR (or any interest rate replacing LIBOR). If the prime rate, Canadian prime rate, federal funds effective rate, the NYFRB overnight bank funding rate, CDOR, or LIBOR (or any interest rate replacing LIBOR) 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. If market rates of interest on all our revolving debt as of March 31, 2022, 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 $0.5 million annually. If market rates of interest on all our revolving debt, which is subject to variable rates as of March 31, 2022, 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 by approximately $0.5 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, 2022.

***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 9–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 2021 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 2021 Annual Report. An investment in our common stock involves various risks. When considering an investment in our company, you should carefully consider all of the risk factors described in our 2021 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 our company.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

***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 Shares That May Yet Be Pur Under the Plans or Progra |
|---|---|---|---|---|
| January 1, 2022 - January 31, 2022 | — | $ — | — | $ |
| February 1, 2022 - February 28, 2022 | 44,292 | $ 98.24 | — | $ |
| March 1, 2022 - March 31, 2022 | 24,383 | $ 100.05 | — | $ |
| Total | 68,675 | $ 98.88 | — | |

(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).

## ITEM 6. EXHIBITS

| Number | Description |
|---|---|
| 10.1 | Form of Restricted Stock Unit Award Agreement (Named Executive Officer).†+ |
| 10.2 | 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
+ Indicates management contract or compensatory plan or arrangement

**SIGNATURES**

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

| | |
|---|---|
| | MYR GROUP INC.<br>(Registrant) |
| April 27, 2022 | /s/ BETTY R. JOHNSON |
| | Betty R. Johnson<br>Senior Vice President and Chief Financial Officer |

# MYR GROUP INC.

## RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS AWARD AGREEMENT (Executive Officer)

This AGREEMENT (this "Agreement") is made as of March ___, 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 March ___, 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. If (a) the Company restates any part of its financial statements for any fiscal year or years during which the Restricted Stock Units covered by this Agreement have been granted due to material noncompliance with any financial reporting requirement under the U.S. securities laws applicable to such fiscal year or years (a "Restatement") and (b) the Committee determines that the Participant is personally responsible for causing the Restatement as a result of the Participant's personal misconduct or any fraudulent activity on the part of the Participant, then the Committee has discretion to, based on applicable facts and circumstances and subject to applicable law, cause the Participant's right to retain the Restricted Stock Units covered by this Agreement to 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 the Restatement, 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 10, net proceeds shall mean the net amount realized upon the disposition of the shares. Notwithstanding anything herein to the contrary, the Participant's consent shall not be required for an amendment to this Agreement that is deemed necessary by the Company to ensure compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") or any regulations promulgated thereunder, including as a result of the implementation of any recoupment policy the Company adopts to comply with the requirements set forth in the Dodd-Frank Act.

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: Chairman 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: ___________________________

**Exhibit A**

**Time-Based Restricted Stock Units Vesting Schedule**

| **Date** | **Total Restricted Stock Units Vested** |
|---|---|
| _______ __, 20__ | |
| _______ __, 20__ | |
| _______ __, 20__ | |

# MYR GROUP INC.

## PERFORMANCE SHARES AWARD AGREEMENT

## (Executive Officer)

This AGREEMENT (this “Agreement”) is made as of March ___, 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 March ___, 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”). 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 or TSR Target Performance Shares generally will be contingent upon the achievement of specified levels of the Company’s ROIC and relative TSR, 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”), and the Date of Grant through December 31, 20___ for TSR performance (the “TSR 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 25$^{th}$ percentile of TSR for the TSR Peer Group Companies (as defined below), no Performance Shares for TSR 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 25$^{th}$ 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.

(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.

(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.

(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.

(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.

(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 and TSR have been satisfied for the Performance Periods and shall determine the percent of ROIC Target Performance Shares and TSR 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:

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

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.

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 and TSR 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 and TSR 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 and the number of TSR 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 and TSR Target 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 and TSR 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 and TSR 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. If (a) the Company restates any part of its financial statements for any fiscal year or years covered by the Performance Periods due to material noncompliance with any financial reporting requirement under the U.S. securities laws applicable to such fiscal year or years (a "Restatement") and (b) the Committee determines that the Participant is personally responsible for causing the Restatement as a result of the Participant's personal misconduct or any fraudulent activity on the part of the Participant, then the Committee has discretion to, based on applicable facts and circumstances and subject to applicable law, cause the Company to recover all or any portion (but no more than 100%) of the shares of Common Stock paid or payable to the Participant for the Performance Periods. The amount of any cash or shares recovered by the Company under this Section 13 shall be limited to the amount by which such shares payment exceeded the amount that would have been paid to or received by the Participant had the Company's financial statements for the applicable restated fiscal year or years been initially filed as restated, as reasonably determined by the Committee. Notwithstanding anything herein to the contrary, the Participant's consent shall not be required for an amendment to this Agreement that is deemed necessary by the Company to ensure compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") or any regulations promulgated thereunder, including as a result of the implementation of any recoupment policy the Company adopts to comply with the requirements set forth in the Dodd-Frank Act.

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 and TSR 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. 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: Chairman 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: ____________________________

**Exhibit 31.1**

**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.

April 27, 2022

/s/ RICHARD S. SWARTZ, JR.

(Principal Executive Officer)
Chief Executive Officer and President

**Exhibit 31.2**

**CERTIFICATIONS**

**Certification of Principal Financial Officer**

I, Betty R. Johnson, 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.

April 27, 2022

/s/ BETTY R. JOHNSON

(Principal Financial Officer)
Senior Vice President and Chief Financial Officer

**Exhibit 32.1**

**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, 2022 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.

April 27, 2022

/s/ RICHARD S. SWARTZ, JR.

*Chief Executive Officer and President*

**Exhibit 32.2**

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

I, Betty R. Johnson, 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, 2022 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.

| | |
|---|---|
| April 27, 2022 | /s/ BETTY R. JOHNSON |
| | *Senior Vice President and Chief Financial Officer* |