# 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 June 30, 2025

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: 001-42276

## Everus Construction Group, Inc.

(Exact name of registrant as specified in its charter)

| **Delaware** | **99-1952207** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1730 Burnt Boat Drive<br>Bismarck, North Dakota** | **58503** |
| (Address of principal executive offices) | (Zip code) |

**(701) 221-6400**

(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 exchange on which registered |
|---|---|---|
| Common Stock, par value $0.01 per share | ECG | New York Stock Exchange |

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 11, 2025: 51,006,575 shares.

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**Industry Information**

Any industry data included in this Quarterly Report on Form 10-Q ("Quarterly Report") regarding industry size and/or relative industry position is derived from a variety of sources, including company research, third-party studies and surveys, industry and general publications, and estimates based on Everus Construction Group, Inc.'s ("Everus") knowledge and experience in the industries in which it operates. Everus' estimates, if any, have been based on information obtained from its customers, suppliers, trade and business organizations, and other contacts in the industry. Everus is responsible for all the disclosures contained in this Quarterly Report, and Everus believes that any third-party data is generally reliable and that its estimates are accurate as of the date of this Quarterly Report. Further, Everus' estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in "Item 1A. Risk Factors" in Everus' 2024 Annual Report on Form 10-K ("2024 Annual Report"). These and other factors could cause results to differ materially from those expressed in the estimates and assumptions.

## PART I — FINANCIAL INFORMATION

**Item 1. Financial Statements.**

**Everus Construction Group, Inc.**
**Condensed Consolidated Statements of Income**
**(Unaudited)**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | (In thousands, except per share amounts) | | | |
| Operating revenues | $ 921,466 | $ 703,373 | $ 1,748,095 | $ 1,329,062 |
| Cost of sales | 801,597 | 614,796 | 1,535,733 | 1,165,768 |
| Gross profit | 119,869 | 88,577 | 212,362 | 163,294 |
| Selling, general and administrative expenses | 47,362 | 37,268 | 88,871 | 73,101 |
| Operating income | 72,507 | 51,309 | 123,491 | 90,193 |
| Interest expense, net | 4,813 | 3,246 | 9,507 | 5,972 |
| Other income, net | 1,908 | 1,694 | 2,475 | 2,612 |
| Income before income taxes and income from equity method investments | 69,602 | 49,757 | 116,459 | 86,833 |
| Income taxes | 19,408 | 13,634 | 32,981 | 23,611 |
| Income from equity method investments | 2,649 | 2,849 | 6,037 | 3,964 |
| Net income | $ 52,843 | $ 38,972 | $ 89,515 | $ 67,186 |
| | | | | |
| Earnings per share: | | | | |
| Basic | $ 1.04 | $ 0.76 | $ 1.75 | $ 1.32 |
| Diluted | $ 1.03 | $ 0.76 | $ 1.75 | $ 1.32 |
| Weighted average common shares outstanding: | | | | |
| Basic | 51,041 | 50,972 | 51,042 | 50,972 |
| Diluted | 51,094 | 50,972 | 51,092 | 50,972 |

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

**Everus Construction Group, Inc.**
**Condensed Consolidated Statements of Comprehensive Income**
**(Unaudited)**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | (In thousands) | | | |
| Net income | $ 52,843 | $ 38,972 | $ 89,515 | $ 67,186 |
| Comprehensive income attributable to common stockholders | $ 52,843 | $ 38,972 | $ 89,515 | $ 67,186 |

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

**Everus Construction Group, Inc.**
**Condensed Consolidated Balance Sheets**
**(Unaudited)**

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands, except share and per share amounts) | |
| **Assets** | | |
| Current assets: | | |
| Cash, cash equivalents and restricted cash | $ 84,708 | $ 86,012 |
| Receivables, net of allowances of $3,006 and $7,097, respectively | 682,951 | 590,028 |
| Contract assets | 244,502 | 167,049 |
| Inventories | 48,052 | 43,750 |
| Prepayments and other current assets | 28,813 | 30,390 |
| Total current assets | 1,089,026 | 917,229 |
| Noncurrent assets: | | |
| Property, plant and equipment, net of accumulated depreciation of $165,888 and $157,278, respectively | 150,545 | 134,409 |
| Goodwill | 143,224 | 143,224 |
| Operating lease right-of-use assets | 73,606 | 67,045 |
| Investments | 20,375 | 21,286 |
| Other | 4,601 | 5,270 |
| Total noncurrent assets | 392,351 | 371,234 |
| Total assets | $ 1,481,377 | $ 1,288,463 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Long-term debt - current portion | $ 15,000 | $ 15,000 |
| Contract liabilities, net | 230,354 | 207,304 |
| Accounts payable | 199,091 | 138,097 |
| Taxes payable | 10,281 | 6,768 |
| Accrued compensation | 74,040 | 67,815 |
| Current portion of operating lease liabilities | 28,909 | 26,354 |
| Accrued payroll-related liabilities | 44,678 | 38,995 |
| Other accrued liabilities | 11,961 | 13,037 |
| Total current liabilities | 614,314 | 513,370 |
| Noncurrent liabilities: | | |
| Long-term debt | 273,599 | 280,648 |
| Deferred income taxes | 10,834 | 8,161 |
| Operating lease liabilities | 45,500 | 41,200 |
| Other | 22,721 | 22,472 |
| Total noncurrent liabilities | 352,654 | 352,481 |
| Total liabilities | $ 966,968 | $ 865,851 |
| Commitments and contingencies | | |
| Common stockholders' equity: | | |
| Common stock, 300,000,000 shares authorized, $0.01 par value, 51,006,575 and 50,980,924 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively | $ 510 | $ 510 |
| Other paid-in capital | 140,412 | 138,130 |
| Retained earnings | 373,487 | 283,972 |
| Total stockholders' equity | 514,409 | 422,612 |
| Total liabilities and stockholders' equity | $ 1,481,377 | $ 1,288,463 |

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

**Everus Construction Group, Inc.**
**Condensed Consolidated Statements of Equity**
**(Unaudited)**

| (In thousands, except shares) | Common Stock Shares | Common Stock Amount | Other Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2024 | 50,980,924 | $ 510 | $ 138,130 | $ 283,972 | $ 422,612 |
| Net income | — | — | — | 36,672 | 36,672 |
| Stock-based compensation | 18,304 | — | 915 | — | 915 |
| Balance as of March 31, 2025 | 50,999,228 | 510 | 139,045 | 320,644 | 460,199 |
| Net income | — | — | — | 52,843 | 52,843 |
| Stock-based compensation | 7,347 | — | 1,367 | — | 1,367 |
| Balance as of June 30, 2025 | 51,006,575 | $ 510 | $ 140,412 | $ 373,487 | $ 514,409 |

| (In thousands, except shares) | Common Stock Shares | Common Stock Amount | Other Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2023 | 1,000 | $ 1 | $ 136,184 | $ 312,665 | $ 448,850 |
| Net income | — | — | — | 28,214 | 28,214 |
| Net transfers from (to) CEHI, LLC and MDU Resources | — | — | 1,006 | (13,764) | (12,758) |
| Balance as of March 31, 2024 | 1,000 | 1 | 137,190 | 327,115 | 464,306 |
| Net income | — | — | — | 38,972 | 38,972 |
| Net transfers from (to) CEHI, LLC and MDU Resources | — | — | 463 | (13,750) | (13,287) |
| Balance as of June 30, 2024 | 1,000 | $ 1 | $ 137,653 | $ 352,337 | $ 489,991 |

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

**Everus Construction Group, Inc.**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**

| | Six months ended June 30, | |
|---|---|---|
| | 2025 | 2024 |
| | (In thousands) | |
| Operating activities: | | |
| Net income | $ 89,515 | $ 67,186 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 13,901 | 11,130 |
| Amortization | 116 | 1,044 |
| Deferred income taxes | 2,305 | (1,600) |
| Provision for credit losses | (1,729) | (134) |
| Amortization of debt issuance costs | 788 | — |
| Stock-based compensation costs | 2,870 | 689 |
| Net unrealized gains on investments | (300) | (315) |
| Gain on sale of assets | (3,682) | (2,458) |
| Equity in earnings of unconsolidated affiliates, net of distributions | 909 | (955) |
| Changes in current assets and liabilities: | | |
| Receivables | (91,194) | (109,058) |
| Due from related-party | — | (1,920) |
| Contract assets | (77,453) | 2,674 |
| Inventories | (4,302) | (5,865) |
| Other current assets | 1,577 | 2,830 |
| Contract liabilities, net | 23,050 | 2,626 |
| Accounts payable | 60,547 | 29,552 |
| Due to related-party | — | 1,568 |
| Other current liabilities | 14,268 | 4,752 |
| Other noncurrent changes | 1,284 | 2,005 |
| Net cash provided by operating activities | 32,470 | 3,751 |
| Investing activities: | | |
| Capital expenditures | (31,623) | (16,517) |
| Net proceeds from sale or disposition of property | 5,635 | 5,412 |
| Proceeds from insurance contracts | 2,174 | — |
| Investments | (1,872) | (391) |
| Net cash used in investing activities | (25,686) | (11,496) |
| Financing activities: | | |
| Repayment of long-term debt | (7,500) | — |
| Tax withholding on stock-based compensation | (588) | — |
| Net amounts received from MDU Resources cash management program | — | 31,925 |
| Transfers to CEHI, LLC and MDU Resources | — | (25,425) |
| Net cash provided by (used in) financing activities | (8,088) | 6,500 |
| Decrease in cash, cash equivalents and restricted cash | (1,304) | (1,245) |
| Cash, cash equivalents and restricted cash - beginning of period | 86,012 | 1,567 |
| Cash, cash equivalents and restricted cash - end of period | $ 84,708 | $ 322 |
| Supplemental Cash Flow Information: | | |
| Interest paid | $ 10,143 | $ 5,717 |
| Income taxes paid, net | $ 29,698 | $ 25,618 |
| Noncash investing activities: | | |
| Purchases of property, plant and equipment included in Accounts payable | $ 868 | $ 193 |

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

## Note 1 – Background and Nature of Operations

### Nature of Operations

Everus Construction Group, Inc. (the "Company" or "Everus") is a leading construction solutions provider headquartered in Bismarck, North Dakota, offering specialty contracting services to a diverse set of end markets, which are provided to commercial, industrial, institutional, renewables, service, utility, transportation and other customers. The Company operates throughout most of the United States through two reportable, operating segments:

*Electrical & Mechanical ("E&M"):* Contracting services including construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services to customers in both the public and private sectors.

*Transmission & Distribution ("T&D"):* Contracting services including construction and maintenance of overhead and underground electrical, gas and communication infrastructure, as well as design, manufacture and distribution of overhead and underground transmission line construction equipment and tools.

### Separation from MDU Resources

On November 2, 2023, MDU Resources Group, Inc. ("MDU Resources") announced its intent to pursue a tax-free spinoff of Everus Construction, Inc. (formerly known as MDU Construction Services Group, Inc.) ("Everus Construction") from MDU Resources (the "Separation"). Prior to the Separation, Everus Construction was the construction services segment of MDU Resources and operated as a wholly owned subsidiary of CEHI, LLC ("Centennial"), which is a wholly owned subsidiary of MDU Resources. In anticipation of the Separation, MDU Resources formed a new wholly owned subsidiary, Everus Construction Group, Inc., that became the new parent company of Everus Construction.

On October 31, 2024, MDU Resources completed the Separation by transferring Everus Construction, inclusive of all its assets and liabilities, to Everus and distributing 50,972,059 shares of Everus common stock ($0.01 par value) to MDU Resources stockholders of record as of October 21, 2024 (the "Distribution"). The Distribution was structured as a pro rata distribution of one share of Everus common stock for every four shares of MDU Resources common stock (such ratio, the "Distribution Ratio"). MDU Resources did not distribute any fractional shares of Everus common stock to its stockholders as part of the Distribution. Instead, MDU Resources' stockholders received cash in lieu of any fractional shares of Everus common stock that they would have received after application of the Distribution Ratio.

As a result of the Separation and Distribution, Everus is an independent publicly traded company and its common stock is listed under the ticker symbol "ECG" on the New York Stock Exchange.

The Separation and Distribution was completed pursuant to a separation and distribution agreement as well as other agreements with MDU Resources, including, but not limited to, a transition services agreement, a tax matters agreement and an employee matters agreement. Refer to Note 14 – Related-Party Transactions for additional information on the transition services agreement. The Company incurred costs in establishing itself as an independent public entity and expects additional ongoing expenses related to its continued operations as such.

## Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

### Basis of Presentation

Prior to the Separation, Everus Construction historically operated as a wholly owned subsidiary of Centennial and an indirect, wholly owned subsidiary of MDU Resources and not as a standalone company. For periods prior to the Separation, financial information included in the accompanying unaudited condensed consolidated financial statements and related footnotes were prepared on a "carve-out" basis in connection with the Separation and were derived from the unaudited condensed consolidated financial statements of MDU Resources as if the Company operated on a standalone basis during the periods presented. However, the financial information included in the unaudited condensed consolidated financial statements and related footnotes for periods prior to the Separation do not necessarily reflect what the Company's results of operations, financial position and cash flows would have been had it operated as a separate, publicly traded company and may not be indicative of its future performance.

The accompanying unaudited condensed consolidated financial statements were prepared in conformity with generally accepted accounting principles in the United States ("GAAP"). Pursuant to GAAP, certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements included in the Company's 2024 Annual Report on Form 10-K ("2024 Annual Report"). The information includes all adjustments that are, in the opinion of management, necessary for a fair presentation of the unaudited condensed consolidated financial statements and are of a normal recurring nature. The unaudited condensed balance sheet as of December 31, 2024, was derived from the audited annual consolidated financial statements but does not contain all of the footnote disclosures from the annual consolidated financial statements.

The results of operations for the three and six months ended June 30, 2025, are not necessarily indicative of the results to be expected for the year ending December 31, 2025 or any other future period.

All revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included in the unaudited condensed consolidated financial statements. For periods prior to the Separation, the unaudited condensed consolidated financial statements also included expense allocations for certain functions that were provided by MDU Resources and Centennial, including, but not limited to, certain general corporate expenses related to senior management, legal, human resources, finance and accounting, treasury, information technology, internal audit, risk management and other shared services. The amounts allocated were $7.9 million and $22.7 million for the three and six months ended June 30, 2024, respectively. These expenses were allocated to the Company on the basis of direct usage where identifiable, with the remainder principally allocated on the basis of percent of total capital invested or other allocation methodologies that were considered to be a reasonable reflection of the utilization of the services provided to the benefits received. The allocations may not, however, reflect the expenses the Company would have incurred as a standalone company for the periods presented. These costs also may not be indicative of the expenses that the Company will incur in the future or would have been incurred if the Company had obtained these services from a third party. Refer to Note 14 – Related-Party Transactions for more information on the transition services agreement between the Company and MDU Resources.

Earnings per share information has been retrospectively adjusted for periods prior to the Separation on the unaudited condensed consolidated statements of income to reflect the Distribution. Refer to Note 8 – Earnings Per Share for more information on the share counts used in the earnings per share calculations.

Prior to the Separation, the Company historically participated in MDU Resources' centralized cash management program through Centennial, including its overall financing arrangements. The Company had related-party agreements in place with Centennial for the financing of its capital needs, which were reflected as related-party notes payable on the unaudited condensed consolidated balance sheets for periods prior to the Separation. Interest expense, net in the unaudited condensed consolidated statements of income for periods prior to the Separation reflected the allocation of interest on borrowing and funding associated with the related-party agreements. Following the Separation, the Company has implemented its own centralized cash management program and has access to third-party credit facilities to fund day-to-day operations. For additional information related to the Company's current financing arrangements and related interest expense recognition, refer to Note 6 – Debt and Note 14 – Related-Party Transactions.

Cash-settled, related-party transactions between the Company, MDU Resources, Centennial or other MDU Resources subsidiaries for general operating activities; the Company's participation in MDU Resources' centralized cash management program through Centennial; and intercompany debt, were included in the unaudited condensed consolidated financial statements for periods prior to the Separation. These related-party transactions were reflected in the unaudited condensed consolidated balance sheets prior to the Separation as Due from related-party, Due from related-party - noncurrent, Due to related-party or Related-party notes payable. The aggregate net effect of general related-party operating activities was reflected in the unaudited condensed consolidated statements of cash flows within operating activities for periods prior to the Separation. The effects of the Company's participation in MDU Resources' centralized cash management program and intercompany debt arrangements were reflected in the unaudited condensed consolidated statements of cash flows within investing and financing activities for periods prior to the Separation. Refer to Note 14 – Related-Party Transactions for additional information on related-party transactions.

Prior to the Separation, MDU Resources maintained various benefit and stock-based compensation plans at a corporate level and the Company's employees participated in these programs. The costs associated with its employees were included in the Company's unaudited condensed consolidated financial statements for periods prior to the Separation. Following the Separation, the Company has its own stock-based compensation and employee benefit plans at a corporate level that its employees participate in. Refer to Note 9 – Stock-Based Compensation and Note 12 – Employee Benefit Plans for additional information.

***Principles of Consolidation***

The unaudited condensed consolidated financial statements were prepared in accordance with GAAP and include the accounts of the Company and its wholly owned subsidiaries, as well as entities that the Company controls through its ownership of a majority voting interest or pursuant to control of a variable interest entity ("VIE"), which is discussed in more detail below. All significant intercompany accounts and transactions between the businesses comprising the Company have been eliminated in the accompanying unaudited condensed consolidated financial statements.

***Subsequent Events***

The Company has evaluated transactions for consideration as recognized subsequent events in these unaudited condensed consolidated financial statements through August 13, 2025, the date of issuance of these unaudited condensed consolidated financial statements and determined that no additional events requiring disclosure occurred. Refer to Note 10 – Income Taxes for more information on disclosure of a nonrecognized subsequent event related to new tax legislation.

**Summary of Significant Accounting Policies**

There have been no material changes to the Company's significant accounting policies described in Note 2 – Basis of Presentation and Summary of Significant Accounting Policies in the Company's 2024 Annual Report.

***Use of Estimates***

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the unaudited condensed consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as long-lived assets and goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; property depreciable lives; tax provisions; revenue recognized using the cost-to-cost measure of progress for contracts; expected credit losses; loss contingencies; costs on construction contracts; unbilled revenues; actuarially determined benefit costs; lease classification; present value of right-of-use assets and lease liabilities; and the valuation of stock-based compensation. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

***Consolidation of Variable Interest Entities***

The Company holds a minority economic interest in a captive insurance company, which has been determined to be a VIE due to its variable ownership interest in the captive insurance company. The captive insurance is structured with protected cell captives for each insured party ("Captive Cells") in which participants' assets and liabilities are held separately from each other and is not exposed to the insurance and investment risks that the Captive Cells are designed to create and distribute on behalf of the insured parties. The Company is the primary beneficiary of its individual Captive Cell and has the power to direct the activities that most significantly impact economic performance of its Captive Cell, as well as the obligation to absorb losses of, and receive benefits from the activities of its Captive Cell. Accordingly, the Company has prepared these unaudited condensed consolidated financial statements in accordance with Accounting Standards Codification ("ASC") 810, *Consolidation*. ASC 810 requires that if an entity is the primary beneficiary of a VIE, the assets, liabilities, and results of operations of the VIE should be included in the unaudited condensed consolidated financial statements of such entity. As such, the unaudited condensed consolidated financial statements include the consolidation of only the assets and liabilities of the Company's Captive Cell.

Cash deposits held by the Captive Cell are considered restricted cash as they are to remain in the Captive Cell. After consolidation by the Company, the total carrying amounts of Cash, cash equivalents and restricted cash, Other accrued liabilities, and Other noncurrent liabilities on the unaudited condensed consolidated balance sheets attributable to the Captive Cell were as follows as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Cash, cash equivalents and restricted cash | $ 20,247 | $ 16,057 |
| Other accrued liabilities | 2,096 | 1,816 |
| Other noncurrent liabilities | $ 8,266 | $ 9,271 |

***Joint Ventures***

The Company accounts for unconsolidated joint ventures using either the equity method or proportionate consolidation.

Proportionate consolidation is used for joint ventures that include unincorporated legal entities when we hold an undivided interest in each asset and are proportionately liable for our share of liabilities and the activities of the joint ventures that are construction related. For those joint ventures accounted for under proportionate consolidation, only the Company's pro rata share of assets, liabilities, revenues and expenses are included in the Company's unaudited condensed consolidated financial statements.

For those joint ventures accounted for using proportionate consolidation, the Company recorded $0.3 million and $0.5 million of operating revenues and $0.2 million and $0.2 million of operating income for the three and six months ended June 30, 2024, respectively, in the unaudited condensed consolidated statements of income. As of December 31, 2024, the Company did not have any remaining interest in assets from these joint ventures.

For those joint ventures accounted for under the equity method, the Company's pro rata share of net income is included in Income from equity method investments in the unaudited condensed consolidated statements of income and the Company's investment balances for the joint ventures are included in Investments in the unaudited condensed consolidated balance sheets.

For the three and six months ended June 30, 2025, the Company recognized income from equity method joint ventures of $2.6 million and $6.0 million, respectively. For the three and six months ended June 30, 2024, the Company recognized income from equity method joint ventures of $2.9 million and $4.0 million, respectively.

The Company's investments in equity method joint ventures as of June 30, 2025 and December 31, 2024, were a net asset of $13.4 million and $14.3 million, respectively.

***Cash, Cash Equivalents and Restricted Cash***

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash represents deposits held by the Company's Captive Cell that are to be used solely for the Captive Cell's purposes. As of June 30, 2025 and December 31, 2024, the Company had $84.7 million and $86.0 million of cash, cash equivalents, and restricted cash, respectively, including $20.2 million and $16.1 million of restricted cash held by the Captive Cell, respectively.

***Receivables and Allowance for Expected Credit Losses***

Receivables consist primarily of trade receivables from the sale of goods and services, net of expected credit losses. The Company's trade receivables are all due in 12 months or less. Receivables, net was summarized as follows as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Trade receivables: | | |
| Completed contracts | $ 37,920 | $ 42,462 |
| Contracts in progress | 644,824 | 546,543 |
| Other | 3,213 | 8,120 |
| Receivables, gross | 685,957 | 597,125 |
| Less: expected credit losses | (3,006) | (7,097) |
| Receivables, net | $ 682,951 | $ 590,028 |

The following table presents the opening and closing balances of Receivables, net as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Balance at beginning of period | $ 590,028 | $ 449,626 |
| Net change during period | 92,923 | 140,402 |
| Balance at end of period | $ 682,951 | $ 590,028 |

Details of the Company's expected credit losses, disclosed within Receivables, net, for the respective periods presented below, were as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | (In thousands) | | | |
| Balance at beginning of period | $ 3,064 | $ 7,508 | $ 7,097 | $ 7,967 |
| Current expected credit loss provision | — | 277 | (1,729) | (134) |
| Less: write-offs charged against the allowance | (58) | (540) | (2,362) | (588) |
| Credit loss recoveries collected | — | 12 | — | 12 |
| Balance at end of period | $ 3,006 | $ 7,257 | $ 3,006 | $ 7,257 |

***Inventories***

As of June 30, 2025 and December 31, 2024, inventories consisted primarily of manufactured equipment held for resale and/or rental of $41.4 million and $36.9 million, respectively, and materials and supplies of $6.6 million and $6.8 million, respectively. These inventories are stated at the lower of average cost or net realizable value. The value of inventory may decrease due to obsolescence, physical deterioration, damage, costs to repair or other causes. Inventory valuation write-downs are determined based on specific facts and circumstances and were immaterial as of June 30, 2025 and December 31, 2024.

***New Accounting Standards***

Changes to GAAP are typically established by the Financial Accounting Standards Board ("FASB") in the form of Accounting Standards Update ("ASU") to the FASB's ASC. The Company considers the applicability and impact of all ASUs.

**Recently Adopted Accounting Standards Updates**

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*, which provided guidance on improving financial reporting by requiring disclosure on incremental segment information, primarily through enhanced disclosures about significant segment expenses on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The standard was effective for annual periods beginning in the fiscal year ended December 31, 2024, and for interim periods beginning January 1, 2025, with retrospective application for prior periods disclosed. The Company adopted the standard in the fourth quarter of fiscal year 2024. Refer to Note 11 – Segment Information for the related disclosure-only impacts of adopting this standard. Future interim periods will also be impacted and updated disclosures will occur.

In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Venture Formations (Subtopic 805-60): *Recognition and Initial Measurement*, which provided guidance on accounting for contributions made to a joint venture, upon formation, in a joint venture's separate financial statement in order to provide decision useful information to investors and other allocators of capital (collectively investors) in a joint venture's financial statements and reduce diversity in practice. The new basis of accounting will require that a joint venture, upon formation, will recognize and initially measure its assets and liabilities at fair value (with the exceptions to fair value measurement that are consistent with the business combinations guidance). The standard became effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. However, a joint venture that was formed before January 1, 2025, may elect to apply the guidance retrospectively if it has sufficient information. The Company adopted the standard prospectively in the first quarter of 2025, but it did not have an impact on the unaudited condensed consolidated financial statements.

**New Accounting Standards Updates Not Yet Adopted**

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures,* which provided guidance to address investors' requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income tax paid information and effectiveness of income tax disclosures. The standard will be effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact the guidance will have on its disclosures for the year ending December 31, 2025.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): *Disaggregation of Income Statement Expenses*, which provided guidance to address investors' requests for more detailed information about the types of expenses including purchases of inventory, employee compensation, depreciation, amortization, and depletion in commonly presented expense captions, such as cost of sales, selling, general and administrative expenses, and research and development costs. The standard will be effective for fiscal year December 31, 2027, and interim periods beginning January 1, 2028. The Company is currently evaluating the impact the guidance will have on its disclosures for the year ending December 31, 2027 and future interim periods beginning in 2028.

***Immaterial restatement of prior period condensed consolidated statement of cash flows***

As disclosed in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies to the Company's 2024 Annual Report, immaterial errors were identified within previously filed annual and interim Consolidated Balance Sheets and Consolidated Statements of Cash Flows related to the balance sheet classification of Receivables, net, Contract assets, Noncurrent retention receivable, and Contract liabilities, net. The errors related to the inappropriate presentation of retainage receivable on a gross basis rather than netting with contract assets and contract liabilities under ASC 606 - *Revenue from Contracts with Customers,* as well as the classification of short-term retainage receivable within Receivables, net.

Consistent with the restatements to the annual financial statements included in the Company's 2024 Annual Report, the Company has restated the Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2024 to correct the errors which management has evaluated and concluded are immaterial to such interim financial statement. While the restatement of the Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2024 affected line items reported within cash flows from operating activities, it did not impact total cash flows from operating activities, investing activities or financing activities for the six months ended June 30, 2024. Further, the restatement did not impact the Consolidated Statements of Income for either the three or six months ended June 30, 2024.

**Note 3 – Revenue from Contracts with Customers**

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

As part of the adoption of ASC 606 - *Revenue from Contracts with Customers*, the Company elected the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is 12 months or less.

**Contract Estimates and Changes in Estimates**

Changes in cost estimates on certain contracts can arise from, but not limited to, changes in productivity and performance expectations, availability of skilled labor in geographic locations of such projects, costs of labor and/or materials, changes in subcontractor productivity and performance, and extended overhead due to weather or other delays. These changes in estimates may result in the issuance of change orders, which can be approved or unapproved by the customer, or the assertion of contract claims. The Company recognizes amounts associated with change orders and claims as revenue if it is probable that the contract price will be adjusted and the amount of any such adjustment can be reasonably estimated. Change orders and claims are negotiated in the normal course of business and represent management's estimates of additional contract revenues that have been earned and are probable of collection.

As of June 30, 2025 and December 31, 2024, $45.8 million and $56.2 million, respectively, of unexecuted change orders were included in contract transaction price and in Contract assets or Contract liabilities, net on the unaudited condensed consolidated balance sheets. The Company was in the process of negotiating execution of these change orders in the normal course of business and the recognized amounts represent the Company's best estimates of additional contract revenues for which it is not probable that a significant reversal of the revenue amounts will occur in the future.

As of June 30, 2025 and December 31, 2024, the Company recorded loss provisions of $0.7 million and $1.0 million, respectively, in Contract liabilities, net on the unaudited condensed consolidated balance sheets related to contracts that are still being completed.

The Company had claim positions of $34.4 million and $54.9 million, respectively, that were excluded from the contract transaction price as of June 30, 2025 and December 31, 2024, respectively. The Company continues to evaluate these claims.

The Company received notification in October 2023 from a customer that it is withholding payment of approximately $31.3 million on remaining outstanding billings, including retention, on a large project with a contract that was billed on a time and materials basis with no stated maximum price. The Company believes it has substantial defenses against these claims based upon the terms of the contract and it has performed under the terms of the contract. Therefore, the Company believes collection of the remaining outstanding billings, including retention, is probable and, as a result, the Company has recognized the revenue from this project in its results. However, there is uncertainty surrounding this matter, including the potential long-term nature of dispute resolution, the Company filing a lien on the property and the broad range of possible consideration amounts as a result of negotiations and potential litigation to resolve the dispute.

Additionally, changes in estimates may result in the recognition of revenue in the current period from performance obligations that were satisfied or partially satisfied in prior periods or the reversal of previously recognized revenue if the current estimated progress is less than the previous estimate. Changes in estimates can also result in contract losses, which are recognized in full when they are determined to be probable and can be reasonably estimated.

Operating revenues were positively net impacted by approximately 2.8% and 3.2% for the three and six months ended June 30, 2025, respectively, as a result of changes in estimates associated with performance obligations on fixed price contracts satisfied or partially satisfied prior to December 31, 2024.

Operating revenues were positively net impacted by approximately 3.0% and 3.4% for the three and six months ended June 30, 2024, respectively, as a result of changes in estimates associated with performance obligations on fixed price contracts satisfied or partially satisfied prior to December 31, 2023.

The changes in estimates resulted from changes in performance estimates due to revisions to total estimated costs and/or anticipated contract value and from the mitigation of risks and contingencies as projects progressed to completion. A minimal number of fixed priced contracts, each individually resulting in an increase to profitability in excess of $1.0 million, positively net impacted operating revenues by approximately 1.3% and 1.8% for the three and six months ended June 30, 2025, respectively, and 1.3% and 1.2% for the three and six months ended June 30, 2024, respectively. The changes in estimates were made in the ordinary course of business and there were no changes that resulted in material amounts that should have been recognized in a prior period.

**Disaggregation of Revenue**

In the following tables, revenues are disaggregated by contract type and customer type for each reportable segment. The Company believes this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors. For more information on the Company's reportable segments, refer to Note 11 – Segment Information.

The following tables present revenue disaggregated by contract type:

| Three months ended June 30, 2025 | Electrical & Mechanical | Transmission & Distribution | Total |
|---|---|---|---|
| | | (In thousands) | |
| Fixed-price | $ 379,415 | $ 113,774 | $ 493,189 |
| Unit-price | 10,323 | 32,689 | 43,012 |
| Cost reimbursable* | 323,862 | 65,921 | 389,783 |
| Total contract revenues | 713,600 | 212,384 | 925,984 |
| Eliminations | (1,986) | (2,532) | (4,518) |
| Total operating revenues | $ 711,614 | $ 209,852 | $ 921,466 |

* Includes time and material, time and equipment, and cost reimbursable plus fee contracts.

| Three months ended June 30, 2024 | Electrical & Mechanical | Transmission & Distribution | Total |
|---|---|---|---|
| | (In thousands) | | |
| Fixed-price | $ 354,424 | $ 90,600 | $ 445,024 |
| Unit-price | 16,384 | 42,207 | 58,591 |
| Cost reimbursable* | 133,085 | 73,962 | 207,047 |
| Total contract revenues | 503,893 | 206,769 | 710,662 |
| Eliminations | (1,878) | (5,411) | (7,289) |
| Total operating revenues | $ 502,015 | $ 201,358 | $ 703,373 |

* Includes time and material, time and equipment, and cost reimbursable plus fee contracts.

| Six months ended June 30, 2025 | Electrical & Mechanical | Transmission & Distribution | Total |
|---|---|---|---|
| | (In thousands) | | |
| Fixed-price | $ 729,981 | $ 207,377 | $ 937,358 |
| Unit-price | 22,098 | 61,118 | 83,216 |
| Cost reimbursable* | 609,748 | 128,904 | 738,652 |
| Total contract revenues | 1,361,827 | 397,399 | 1,759,226 |
| Eliminations | (6,222) | (4,909) | (11,131) |
| Total operating revenues | $ 1,355,605 | $ 392,490 | $ 1,748,095 |

* Includes time and material, time and equipment, and cost reimbursable plus fee contracts.

| Six months ended June 30, 2024 | Electrical & Mechanical | Transmission & Distribution | Total |
|---|---|---|---|
| | (In thousands) | | |
| Fixed-price | $ 639,063 | $ 175,646 | $ 814,709 |
| Unit-price | 34,223 | 71,168 | 105,391 |
| Cost reimbursable* | 271,597 | 148,459 | 420,056 |
| Total contract revenues | 944,883 | 395,273 | 1,340,156 |
| Eliminations | (3,473) | (7,621) | (11,094) |
| Total operating revenues | $ 941,410 | $ 387,652 | $ 1,329,062 |

* Includes time and material, time and equipment, and cost reimbursable plus fee contracts.

The following table presents revenue disaggregated by customer type:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | (In thousands) | | | |
| Commercial | $ 507,717 | $ 285,729 | $ 927,029 | $ 532,685 |
| Industrial | 77,325 | 79,835 | 163,688 | 159,856 |
| Institutional | 92,333 | 97,815 | 195,661 | 181,526 |
| Renewables | 10,575 | 12,710 | 23,352 | 17,137 |
| Service & other | 25,650 | 27,804 | 52,097 | 53,679 |
| Total Electrical & Mechanical | 713,600 | 503,893 | 1,361,827 | 944,883 |
| Utility | 184,446 | 182,158 | 349,500 | 353,253 |
| Transportation | 27,938 | 24,611 | 47,899 | 42,020 |
| Total Transmission & Distribution | 212,384 | 206,769 | 397,399 | 395,273 |
| Eliminations | (4,518) | (7,289) | (11,131) | (11,094) |
| Total operating revenues | $ 921,466 | $ 703,373 | $ 1,748,095 | $ 1,329,062 |

**Uncompleted Contracts and Contract Assets and Contract Liabilities**

Costs, estimated earnings and billings on uncompleted contracts are summarized as follows as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Costs incurred on uncompleted contracts | $ 6,595,073 | $ 7,034,838 |
| Estimated earnings | 876,290 | 995,766 |
| Costs and estimated earnings on uncompleted contracts | 7,471,363 | 8,030,604 |
| Less: billings to date | (7,457,215) | (8,070,859) |
| Net contract assets (liabilities) | $ 14,148 | $ (40,255) |

The timing of revenue recognition may differ from the timing of invoicing to customers. The timing of invoicing to customers does not necessarily correlate with the timing of revenues being recognized under the cost-to-cost method of accounting. Contracts from contracting services 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. Contracts from contracting services are billed as work progresses in accordance with agreed upon contractual terms. Generally, billing to the customer occurs contemporaneous to revenue recognition. A variance in timing of the billings may result in contract assets or contract liabilities.

Contract assets consist of unbilled revenue and retainage. Unbilled revenue occurs when revenues are recognized under the cost-to-cost measure of progress, which exceed amounts billed on uncompleted contracts. Such amounts will be billed as standard contract terms allow, usually based on various measures of performance or achievement. Retainage represents amounts that have been contractually invoiced to customers and where payments have been partially withheld pending the achievement of certain milestones, satisfaction of other contractual conditions, or completion of the project. Contract assets are not considered a significant financing component as they are intended to protect the customer in the event the Company does not perform on its obligations under the contract.

Contract liabilities occur when there are billings in excess of revenues recognized under the cost-to-cost measure of progress on uncompleted contracts. Contract liabilities decrease as revenue is recognized from the satisfaction of the related performance obligation. Contract liabilities are not considered to have a significant financing component as they are used to meet working capital requirements that generally are higher in the early stages of a contract and are intended to protect the Company from the counterparty failing to meet its obligations under the contract.

The Company classifies Contract assets and Contract liabilities, net that may be settled after one year from the balance sheet date as current, consistent with the timing of the Company's project operating cycle.

Contract assets and contract liabilities, net consisted of the following as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Unbilled revenue | $ 182,268 | $ 124,007 |
| Retainage | 62,234 | 43,042 |
| Contract assets | $ 244,502 | $ 167,049 |
| | | |
| Deferred revenue | $ 315,952 | $ 279,430 |
| Accrued loss provision | 671 | 1,021 |
| Less: retainage | (86,269) | (73,147) |
| Contract liabilities, net | $ 230,354 | $ 207,304 |

The following table presents the opening and closing balances of contract assets (liabilities) as of:

| | June 30, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Contract Assets | Contract Liabilities, Net | Net Contract Assets (Liabilities) | Contract Assets | Contract Liabilities, Net | Net Contract Assets (Liabilities) |
| | (In thousands) | | | | | |
| Balance at beginning of period | $ 167,049 | $ (207,304) | $ (40,255) | $ 206,235 | $ (140,108) | $ 66,127 |
| Net change during period | 77,453 | (23,050) | 54,403 | (39,186) | (67,196) | (106,382) |
| Balance at end of period | $ 244,502 | $ (230,354) | $ 14,148 | $ 167,049 | $ (207,304) | $ (40,255) |

Contract assets and contract liabilities fluctuate period to period based on various factors, including, but not limited to, changes in the number and size of projects in progress at period end; variability in billing and payment terms, such as up-front or advance billings, interim or milestone billings, or deferred billings; variability in billing of retainage and the satisfaction of the specified condition; and unapproved change orders and contract claims recognized as revenues. The primary driver of the difference between the Company's opening and closing contract asset and contract liability balances is the timing of the Company's billings, including retainage, in relation to its performance of work.

The Company recognized a net increase in revenues of $34.8 million and $177.6 million for the three and six months ended June 30, 2025, respectively, related to previously recognized deferred revenues that were included in Contract liabilities, net as of December 31, 2024. The Company recognized a net increase in revenues of $24.0 million and $119.6 million for the three and six months ended June 30, 2024, respectively, related to previously recognized deferred revenues that were included in Contract liabilities, net as of December 31, 2023.

**Remaining Performance Obligations**

Remaining performance obligations include unrecognized revenues that the Company reasonably expects to be realized from the uncompleted portion of services to be performed under job-specific contracts to the extent management believes additional contract revenues will be earned and are deemed probable of collection. The majority of the Company's contracts for contracting services have an original duration of less than one year.

As of June 30, 2025 and December 31, 2024, the aggregate amount of the transaction price allocated to the Company's remaining performance obligations was $2.68 billion and $2.46 billion, respectively. The table below shows additional information regarding the Company's remaining performance obligations as of June 30, 2025, including an estimate of when the Company expects to recognize its remaining performance obligations as revenues:

| | Within 12 months | Greater than 12 months |
|---|---|---|
| | (In thousands) | |
| Electrical & Mechanical | $ 1,944,794 | $ 392,232 |
| Transmission & Distribution | 266,529 | 73,500 |
| Total | $ 2,211,323 | $ 465,732 |

**Note 4 – Goodwill and Other Intangible Assets**

**Goodwill**

The Company's carrying amount of goodwill remained unchanged at $143.2 million as of both June 30, 2025 and December 31, 2024. The Company's reporting units are Electrical & Mechanical, Transmission & Distribution, and Wagner Smith Equipment ("WSE"). WSE is within the Transmission & Distribution reportable segment. Goodwill also remained unchanged for each reportable segment as of both June 30, 2025 and December 31, 2024, with $115.9 million for Electrical & Mechanical and $27.3 million for Transmission & Distribution. No impairments of goodwill were recorded for the three and six months ended June 30, 2025 and 2024.

**Other Intangible Assets**

Finite-lived intangible assets, which were classified in Other noncurrent assets, were as follows as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Customer relationships | $ 6,990 | $ 10,450 |
| Less: accumulated amortization | (6,990) | (10,334) |
| Net customer relationships | — | 116 |
| Total | $ — | $ 116 |

Amortization expense for finite-lived intangible assets was $0.1 million for the six months ended June 30, 2025. As a result of the finite-lived intangible assets being fully amortized during the first quarter of 2025, there was no future amortization expense remaining for finite-lived intangible assets.

Amortization expense for finite-lived intangible assets was $0.5 million and $1.0 million for the three and six months ended June 30, 2024, respectively.

Amortization expense is recognized in Selling, general and administrative expenses in the unaudited condensed consolidated statements of income.

No impairments of finite-lived intangible assets were recorded for the three and six months ended June 30, 2025 and 2024.

**Note 5 – Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. ASC 820 - *Fair Value Measurement* ("ASC 820") establishes a three-tier hierarchy for grouping assets and liabilities, based on the significance and availability of inputs in active markets. The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach.

In general, fair values determined by Level1 inputs use quoted prices in active markets for identical assets or liabilities. Fair values determined by Level2 inputs use data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level3 inputs are "unobservable data points" for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The Company measures its investments in certain fixed income and equity securities at fair value with changes in fair value recognized in the unaudited condensed consolidated statements of income. The Company anticipates using these investments, which consist of insurance contracts, to satisfy its obligations under its unfunded, nonqualified deferred compensation plan for the Company's executive officers and certain key management employees. The Company invests in these fixed income and equity securities for the purpose of earning investment returns and capital appreciation. Prior to the Separation, the Company was a participant in MDU Resources' benefit and compensation plans. These investments, which totaled $6.9 million and $4.8 million as of June 30, 2025 and December 31, 2024, respectively, were included in Investments on the unaudited condensed consolidated balance sheets. The Company recognized net unrealized gains on these investments of $0.4 million and $0.3 million for the three and six months ended June 30, 2025, respectively. The net unrealized gains on these investments were immaterial and $0.3 million for the three and six months ended June 30, 2024, respectively. The change in fair value was classified in Other income, net on the unaudited condensed consolidated statements of income.

The estimated fair value of the Company's Level 2 insurance contracts is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

The estimated fair values of the Company's Cash, cash equivalents and restricted cash, Receivables, Accounts payable and Other accrued liabilities approximate their carrying value due to the short-term maturities of these instruments.

The Company has a captive insurance arrangement in which a Captive Cell within a captive insurance company holds cash, classified as restricted cash, and certain other accrued liabilities and other noncurrent liabilities in order to manage and administer insurance claims on behalf of the Company. The fair values of the assets and liabilities held by the Captive Cell approximated their fair values as of both June 30, 2025 and December 31, 2024. Refer to Note 2 – Basis of Presentation and Summary of Significant Accounting Policies for additional information on the Company's captive insurance arrangement.

The Company's assets measured at fair value on a recurring basis were as follows:

| | Fair Value Measurements as of June 30, 2025, Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance as of June 30, 2025 |
| | (In thousands) | | | |
| Assets: | | | | |
| Insurance contracts | $ — | $ 6,938 | $ — | $ 6,938 |
| Total assets measured at fair value | $ — | $ 6,938 | $ — | $ 6,938 |

| | Fair Value Measurements as of December 31, 2024, Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance as of December 31, 2024 |
| | (In thousands) | | | |
| Assets: | | | | |
| Insurance contracts | $ — | $ 4,766 | $ — | $ 4,766 |
| Total assets measured at fair value | $ — | $ 4,766 | $ — | $ 4,766 |

**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis**

The Company applies the provisions of ASC 820 to its nonrecurring, nonfinancial measurements of nonfinancial assets and liabilities, including long-lived asset impairments. These nonfinancial assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. The Company reviews the carrying value of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. No long-lived asset impairments were recorded for both of the three and six months ended June 30, 2025 and 2024.

**Assets and Liabilities Not Measured at Fair Value**

The Company's long-term debt as of both June 30, 2025 and December 31, 2024, was not measured at fair value on the unaudited condensed consolidated balance sheets, but the corresponding fair values are being provided for disclosure purposes only. The fair values were categorized as Level 2 in the fair value hierarchy and were based on discounted cash flows using current market interest rates. Refer to Note 6 – Debt for additional information on the Company's long-term debt.

The estimated fair values of the Company's Level 2 gross long-term debt, including current long-term debt, were as follows as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Carrying value | $ 292,500 | $ 300,000 |
| Fair value | $ 293,734 | $ 298,559 |

**Note 6 - Debt**

Certain debt instruments of the Company contain restrictive and financial covenants and cross-default provisions. In order to borrow under the debt instruments, the Company must be in compliance with the applicable covenants and certain other conditions, all of which the Company was in compliance with as of both June 30, 2025 and December 31, 2024. Non-compliance with applicable covenants or conditions may constitute an event of default under the loan agreement. Subject to any applicable cure periods, failure to remedy such a default may require the Company to pursue alternative sources of funding.

**Long-Term Debt**

Long-term debt outstanding was as follows as of:

| | Weighted Average Interest Rate as of June 30, 2025 | June 30, 2025 | December 31, 2024 |
|---|---|---|---|
| | (percentage) | (In thousands) | |
| Term loan due on October 31, 2029 | 6.30 % | $ 292,500 | $ 300,000 |
| Revolving credit facility | | — | — |
| Less: unamortized debt issuance costs | | (3,901) | (4,352) |
| Total long-term debt | | 288,599 | 295,648 |
| Less: long-term debt - current portion | | (15,000) | (15,000) |
| Long-term debt | | $ 273,599 | $ 280,648 |

***Term Loan and Revolving Credit Facility***

On October 31, 2024, the Company entered into a five-year senior secured credit agreement (the "Credit Agreement"), which provides for a $300.0 million term loan ("Term Loan") and a $225.0 million revolving credit facility ("Revolving Credit Facility"). Letters of credit are available under the Credit Agreement in an aggregate amount of up to $50.0 million.

As of both June 30, 2025 and December 31, 2024, there was no outstanding balance under the Revolving Credit Facility, but there were $15.6 million of outstanding standby letters of credit. As a result, the Company had a borrowing capacity of $209.4 million under the Revolving Credit Facility.

The Company incurred $4.4 million and $3.5 million of debt issuance costs for the Term Loan and Revolving Credit Facility, respectively. The costs associated with the Term Loan were capitalized and classified as a reduction to Long-term debt and the costs associated with the Revolving Credit Facility were capitalized and recorded to Other noncurrent assets. Each will be amortized to Interest expense, net over the term of the Credit Agreement.

The Company incurred $5.3 million of interest expense related to the Credit Agreement for the three months ended June 30, 2025, consisting of $4.7 million of interest on outstanding borrowings, $0.4 million of debt issuance costs amortization and $0.2 million of unused commitment fees.

The Company incurred $10.9 million of interest expense related to the Credit Agreement for the six months ended June 30, 2025, consisting of $9.7 million of interest on outstanding borrowings, $0.8 million of debt issuance costs amortization and $0.4 million of unused commitment fees.

The Company did not incur any interest expense related to the Credit Agreement for the three and six months ended June 30, 2024, as the agreement had not yet commenced during these periods. Refer to Note 14 – Related-Party Transactions for additional information on related-party interest expense pertaining to periods prior to the Separation.

The Term Loan requires quarterly amortization payments of 5.00% per annum of the original principal amount thereof. The Credit Agreement also requires mandatory prepayments in connection with certain asset sales, subject to certain exceptions. During the six months ended June 30, 2025, the Company paid its required quarterly amortization payments of the Term Loan totaling $7.5 million, along with $9.7 million of associated interest.

Borrowings under the Credit Agreement bear interest, at the Company's option, at an annual rate equal to (a) adjusted term Secured Overnight Financing Rate, defined in a customary manner ("Term SOFR") plus an applicable rate of 2.00% to 2.75%, based on the Company's total net leverage ratio (as defined below), or (b) the base rate (determined by reference to the highest of (x) the prime rate, (y) the greater of (i) the federal funds effective rate and (ii) the overnight bank funding rate, in each case, plus 0.50%, and (z) the one-month adjusted Term SOFR rate plus 1.00% per annum, subject to customary floors (clauses (x) through (z), the "Base Rate")) plus an applicable rate of 1.00% to 1.75%, based on the Company's total net leverage ratio. Undrawn commitment fees under the Revolving Credit Facility range from 0.30% to 0.45% based on the Company's consolidated total net leverage ratio.

The Credit Agreement provides for incremental revolving and term facilities at the Company's request and at the discretion of the lenders or other persons providing such incremental facilities, and also permits the Company to incur other secured or unsecured debt, in all cases subject to conditions and limitations on the amount of such incremental facility or other debt as specified in the Credit Agreement.

The Credit Agreement contains certain limitations with respect to indebtedness, liens, acquisitions and other investments, fundamental changes, restrictive agreements, dividends and redemptions or repurchases of stock, prepayments of certain subordinated indebtedness, dispositions of assets and transactions with affiliates, in each case subject to certain exceptions.

The Credit Agreement contains financial covenants requiring the Company to maintain a maximum consolidated total net leverage ratio of 3.00 to 1.00 and a minimum interest coverage ratio of 3.00 to 1.00, each determined as of the end of each fiscal quarter. Per the Credit Agreement, consolidated total net leverage ratio is defined as the ratio of (a) consolidated funded indebtedness of the Company to (b) last twelve months ("LTM") earnings before interest, taxes, deprecation and amortization ("EBITDA"). Interest coverage ratio is defined as the ratio of (a) LTM EBITDA to (b) consolidated cash interest expense of the Company. The consolidated total net leverage ratio may be increased at the Company's option to 3.50 to 1.00 in connection with certain qualifying material acquisitions. The covenants also include restrictions on the sale of certain assets, loans and investments.

**Schedule of Debt Maturities**

As of June 30, 2025, the long-term debt maturities schedule, excluding unamortized debt issuance costs, for the remainder of 2025 and the four years following December 31, 2025, aggregated as follows:

| | Remainder of 2025 | 2026 | 2027 | 2028 | 2029 | Total |
|---|---|---|---|---|---|---|
| | | | (In thousands) | | | |
| Long-term debt maturities, including current portion | $ 7,500 | $ 15,000 | $ 15,000 | $ 15,000 | $ 240,000 | $ 292,500 |

**Note 7 – Leases**

Most of the leases the Company enters into are for equipment, buildings and vehicles as part of its ongoing operations. The Company also leases certain equipment to third parties.

**Lessee Accounting**

The leases the Company has entered into as part of its ongoing operations are considered operating leases. The corresponding lease costs are included in Cost of sales and Selling, general and administrative expenses on the unaudited condensed consolidated statements of income.

Generally, operating leases for vehicles and equipment have a term of one to five years and buildings have a longer term of up to 10 years or more. For certain operating leases, lease terms may include the options to extend or terminate the lease. Similarly, building or property operating leases could include one or more options to renew, with renewal terms that could extend the lease term by one to five years or more.

The Company also has guaranteed the residual value under certain of its equipment operating leases, agreeing to pay any difference between the residual value and the fair market value of the underlying asset at the date of lease termination. Historically, the fair value of the asset at the time of lease termination generally has approximated or exceeded the residual value guarantee. To date, the Company does not have any residual value guarantee amounts probable of being owed to a lessor, financing leases or material agreements with related parties.

In addition, the Company has entered into short-term leases to help support its ongoing operations, consisting primarily of short-term equipment and vehicle leases, and generally have a lease term of less than one year.

The following table provides information on the Company's lease costs for operating leases:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | (In thousands) | | | |
| Lease costs: | | | | |
| Operating lease cost | $ 9,438 | $ 7,484 | $ 17,996 | $ 14,613 |
| Variable lease cost | 406 | 291 | 741 | 598 |
| Short-term lease cost | 24,845 | 28,883 | 48,531 | 47,738 |
| Total lease costs | $ 34,689 | $ 36,658 | $ 67,268 | $ 62,949 |

The following is summary information of lease terms and discount rates for operating leases as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Weighted average remaining lease term (in years) | 1.15 years | 1.38 years |
| Weighted average discount rate (in percentages) | 5.56 % | 5.50 % |

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

| | Six months ended June 30, | |
|---|---|---|
| | 2025 | 2024 |
| | (In thousands) | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows used for operating lease liabilities | $ 17,712 | $ 14,548 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | $ 22,876 | $ 21,860 |

The reconciliation of future undiscounted cash flows to operating lease liabilities, including current portion of operating lease liabilities, presented on the unaudited condensed consolidated balance sheets was as follows:

| | June 30, 2025 |
|---|---|
| | (In thousands) |
| Remainder of 2025 | $ 17,258 |
| 2026 | 27,232 |
| 2027 | 17,860 |
| 2028 | 8,863 |
| 2029 | 4,229 |
| Thereafter | 6,261 |
| Total | 81,703 |
| Less: discount | (7,294) |
| Total operating lease liabilities | $ 74,409 |

As of June 30, 2025, the Company has entered into three operating leases totaling $13.1 million that have not yet commenced. During the first quarter of 2025, the Company entered into a $11.0 million operating lease that has a lease term of 7.3 years and will commence in July 2025. During the second quarter of 2025, the Company entered into a $1.6 million operating lease that has a lease term of five years and will commence in August 2025, as well as a $0.4 million operating lease that has a lease term of two years and will commenced in July 2025.

**Lessor Accounting**

The Company leases certain equipment to third parties. These leases are considered short-term operating leases with terms of less than 12 months. The Company recognizes revenue from operating leases in Operating revenues in the unaudited condensed consolidated statements of income on a straight-line basis over the respective operating lease terms.

The Company recognized revenue from operating leases of $11.9 million and $23.0 million for the three and six months ended June 30, 2025, respectively, and $10.4 million and $19.8 million for the three and six months ended June 30, 2024, respectively.

As of June 30, 2025 and December 31, 2024, the Company had $9.4 million and $11.3 million, respectively, of lease receivables in Receivables, net on the unaudited condensed consolidated balance sheets with a majority due within 12 months or less from the respective balance sheet dates.

The Company leases components of certain equipment to third parties under operating leases, which are included within Property, plant and equipment, net in the unaudited condensed consolidated balance sheets, and were as follows as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| Machinery and equipment | $ 61,346 | $ 59,549 |
| Less: accumulated depreciation | (30,616) | (29,687) |
| Property, plant and equipment, net | $ 30,730 | $ 29,862 |

**Note 8 – Earnings Per Share**

Prior to the Separation, Everus Construction had 1,000 common shares issued and outstanding. On October 31, 2024, as part of the Distribution, 50,972,059 shares of Everus common stock were issued and outstanding. Basic and diluted earnings per share for periods prior to the Separation and Distribution have been retrospectively adjusted to incorporate the Everus shares outstanding on the Distribution date. For comparative purposes, and to provide meaningful insight into the weighted average common shares calculation, the Distribution date share count was assumed to be outstanding throughout periods prior to the Separation and Distribution in the calculation of basic weighted average common shares outstanding. In addition, for periods prior to the Separation and Distribution, it was assumed that there were no dilutive or anti-dilutive equity instruments as there were no Everus stock-based awards outstanding during those periods.

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the applicable period. The Company calculates diluted earnings per share using the treasury stock method. Diluted earnings per share is computed by dividing net income by the total of the weighted average number of shares of common stock outstanding during the applicable period, plus the effect of any potentially dilutive securities, except in cases where the effect of such securities would be anti-dilutive.

Basic and diluted earnings per share were calculated as follows, based on a reconciliation of the weighted average common shares outstanding on a basic and diluted basis:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | (In thousands, except per share amounts) | | | |
| Net income | $ 52,843 | $ 38,972 | $ 89,515 | $ 67,186 |
| Weighted average common shares outstanding - basic | 51,041 | 50,972 | 51,042 | 50,972 |
| Effect of dilutive securities - share-based awards | 53 | — | 50 | — |
| Weighted average common shares outstanding - diluted | 51,094 | 50,972 | 51,092 | 50,972 |
| Earnings per share - basic | $ 1.04 | $ 0.76 | $ 1.75 | $ 1.32 |
| Earnings per share - diluted | $ 1.03 | $ 0.76 | $ 1.75 | $ 1.32 |
| Shares excluded from the calculation of diluted earnings per share due to their anti-dilutive effect | 14 | — | 7 | — |

**Note 9 – Stock-Based Compensation**

The Company is currently authorized to issue 2.5 million restricted stock units ("RSUs") and other stock-based awards under the Everus Construction Group, Inc. Long-Term Performance-Based Incentive Plan ("Everus LTIP"). As of June 30, 2025, there were 2.2 million shares available for grant under the Everus LTIP. The Company either purchases shares on the open market or issues new shares of common stock to satisfy the vesting of stock-based awards.

The Company's compensation committee has the authority to select recipients of awards, determine the type and size of awards, and establish certain terms and conditions of award grants.

Total stock-based compensation expense, including Company participants and non-employee directors, was $1.2 million and $2.9 million for the three and six months ended June 30, 2025, respectively, and $0.4 million and $0.7 million for the three and six months ended June 30, 2024, respectively. Stock-based compensation expense was included in Selling, general and administrative expenses in the unaudited condensed consolidated statements of income.

**Restricted Stock Units**

During the six months ended June 30, 2025, the Company's compensation committee granted 47,705 time-vesting RSUs to key employees under the Everus LTIP at a weighted average grant date fair value per share of $49.60. The time-vesting RSUs generally vest ratably in equal installments over three years, contingent on continued employment through the vesting periods. Upon vesting, participants may receive dividends, if any, that accumulate during the vesting period.

During the six months ended June 30, 2025, 18,304 shares of common stock were issued, on a net settlement basis, in connection with vested RSUs.

During the six months ended June 30, 2025, the Company's compensation committee granted 17,804 time-vesting RSUs to the Company's non-employee directors under the Everus LTIP at a weighted average grant date fair value per share of $57.39. The time-vesting RSUs generally vest over one year until the next Annual Meeting of Stockholders, contingent on continued service on the Everus board of directors. Upon vesting, the non-employee directors may receive dividends, if any, that accumulate during the vesting period.

Prior to the RSU grants, the non-employee directors received shares of common stock in addition to cash payments for directors' fees through fully vested stock award grants. On May 22, 2025, the Company granted 6,778 shares with a grant date fair value of $0.4 million to the non-employee directors.

**Performance Share Awards**

During the six months ended June 30, 2025, the Company's compensation committee granted 55,092 performance share awards, consisting of performance share units ("PSUs"), at target under the Everus LTIP. These PSUs are generally earned over a three-year vesting period and tied to specific financial and market metrics. Upon vesting, participants may receive dividends, if any, that accumulate during the vesting period.

Under the performance conditions for these PSUs, participants can earn from 0% to 200% of the apportioned target grant of shares. The performance conditions are tied to specific financial metrics. The weighted average grant-date fair value per share for the PSUs applicable to these performance conditions issued in 2025 was $47.27.

Under the market condition for these PSUs, participants can earn from 0% to 200% of the apportioned target grant of shares based on the Company's total shareholder return relative to that of a selected peer group. The weighted average grant-date fair value per share for the PSUs applicable to the market condition issued in 2025 was $56.91, which was determined by multiple Monte Carlo simulations.

**Other Stock Awards**

During the six months ended June 30, 2025, the Company issued 569 shares of common stock to certain non-employee directors who chose to divert a portion of their monthly cash payments for directors' fees in exchange for shares of common stock each quarter.

**Note 10 – Income Taxes**

The Company's quarterly income tax provision is measured using an estimate of its consolidated annual effective tax rate, adjusted in the current period for discrete income tax items, within the periods presented.

For the three and six months ended June 30, 2025, income tax expense was $19.4 million and $33.0 million, respectively, resulting in an effective tax rate of 26.9% for each period. The effective tax rates for the three and six months ended June 30, 2025 differed from the 2025 statutory tax rate of 21% primarily due to state income taxes, net of federal income taxes, and certain unfavorable permanent book-tax differences due to meals and entertainment expenses and non-deductible employee compensation.

For the three and six months ended June 30, 2024, income tax expense was $13.6 million and $23.6 million, respectively, resulting in an effective tax rate of 25.9% and 26.0%, respectively. The effective tax rates for the three and six months ended June 30, 2024 differed from the 2024 statutory tax rate of 21% primarily due to state income taxes, net of federal income taxes, and certain unfavorable permanent book-tax differences due to economic market performance as well as meals and entertainment expenses.

The effective tax rates for the three and six months ended June 30, 2025 differed from the effective tax rates for the three and six months ended June 30, 2024 due to changes in the Company's permanent book-tax differences between those periods, specifically increased permanent add-back for meals and entertainment expenses and non-deductible employee compensation.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was signed into law. The OBBBA contains significant tax law changes with various effective dates affecting business taxpayers. Among the tax law changes that will impact the Company relate to the timing of certain tax deductions including depreciation expense, R&D expenditures and interest expense. The Company is still evaluating the impacts to its financial statements. The Company will account for the tax law changes in the third quarter of 2025.

**Note 11 – Segment Information**

The Company's reportable segments are those that are based on the Company's method of internal reporting and management of the business. The Company provides a full spectrum of construction services across most of the United States through two reportable, operating segments:

*E&M*: Contracting services for the construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services to customers in both the public and private sectors.

*T&D*: Contracting services for the construction and maintenance of overhead and underground electrical, gas and communication infrastructure, as well as design, manufacture and distribution of overhead and underground transmission line construction equipment and tools.

The Company's Chief Operating Decision Maker ("CODM") is the Company's chief executive officer ("CEO"). The Company's CEO evaluates each reportable segment's performance, allocates resources and makes decisions based on segment operating income, which is the segment measure of profitability. The CODM uses segment operating income to analyze the results of each reportable segment individually and by comparing the results of the segments with each other. This comparison between segments helps drive decision-making regarding resource allocation and compensation of employees. Segment operating income is also considered when creating the annual budget plan, as well as the forecasting process, including the allocation of capital for uses such as capital expenditures.

All intercompany balances and transactions between the businesses comprising the Company have been eliminated in the unaudited condensed consolidated financial statements.

Reconciliations of reportable segment operating revenues, inclusive of the Company's significant segment expenses of Cost of sales and Selling, general and administrative expenses, to consolidated Income before income taxes and income from equity method investments for the Company's reportable segments and "Corporate and Other" category were as follows:

| Three months ended June 30, 2025 | E&M | T&D | Corporate and Other | Consolidated Total |
|---|---|---|---|---|
| | | (In thousands) | | |
| Segment operating revenues | $ 713,600 | $ 212,384 | $ — | $ 925,984 |
| Eliminations | (1,986) | (2,532) | — | (4,518) |
| Total segment operating revenues | 711,614 | 209,852 | — | 921,466 |
| Cost of sales | 626,121 | 175,646 | (170) | 801,597 |
| Gross profit | 85,493 | 34,206 | 170 | 119,869 |
| Selling, general and administrative expenses | 26,225 | 10,554 | 10,583 | 47,362 |
| Operating income | $ 59,268 | $ 23,652 | $ (10,413) | 72,507 |
| Interest expense, net | | | | 4,813 |
| Other income, net | | | | 1,908 |
| Total consolidated income before income taxes and income from equity method investments | | | | $ 69,602 |

| Three months ended June 30, 2024 | E&M | T&D | Corporate and Other | Consolidated Total |
|---|---|---|---|---|
| | | (In thousands) | | |
| Segment operating revenues | $ 503,893 | $ 206,769 | $ — | $ 710,662 |
| Eliminations | (1,878) | (5,411) | — | (7,289) |
| Total segment operating revenues | 502,015 | 201,358 | — | 703,373 |
| Cost of sales | 443,758 | 171,086 | (48) | 614,796 |
| Gross profit | 58,257 | 30,272 | 48 | 88,577 |
| Selling, general and administrative expenses | 22,382 | 9,639 | 5,247 | 37,268 |
| Operating income | $ 35,875 | $ 20,633 | $ (5,199) | 51,309 |
| Interest expense, net | | | | 3,246 |
| Other income, net | | | | 1,694 |
| Total consolidated income before income taxes and income from equity method investments | | | | $ 49,757 |

| Six months ended June 30, 2025 | E&M | T&D | Corporate and Other | Consolidated Total |
|---|---|---|---|---|
| | | (In thousands) | | |
| Segment operating revenues | $ 1,361,827 | $ 397,399 | $ — | $ 1,759,226 |
| Eliminations | (6,222) | (4,909) | — | (11,131) |
| Total segment operating revenues | 1,355,605 | 392,490 | — | 1,748,095 |
| Cost of sales | 1,201,227 | 334,842 | (336) | 1,535,733 |
| Gross profit | 154,378 | 57,648 | 336 | 212,362 |
| Selling, general and administrative expenses | 50,841 | 19,525 | 18,505 | 88,871 |
| Operating income | $ 103,537 | $ 38,123 | $ (18,169) | 123,491 |
| Interest expense, net | | | | 9,507 |
| Other income, net | | | | 2,475 |
| Total consolidated income before income taxes and income from equity method investments | | | | $ 116,459 |

| Six months ended June 30, 2024 | E&M | T&D | Corporate and Other | Consolidated Total |
|---|---|---|---|---|
| | | (In thousands) | | |
| Segment operating revenues | $ 944,883 | $ 395,273 | $ — | $ 1,340,156 |
| Eliminations | (3,473) | (7,621) | — | (11,094) |
| Total segment operating revenues | 941,410 | 387,652 | — | 1,329,062 |
| Cost of sales | 832,389 | 333,476 | (97) | 1,165,768 |
| Gross profit | 109,021 | 54,176 | 97 | 163,294 |
| Selling, general and administrative expenses | 43,193 | 19,352 | 10,556 | 73,101 |
| Operating income | $ 65,828 | $ 34,824 | $ (10,459) | 90,193 |
| Interest expense, net | | | | 5,972 |
| Other income, net | | | | 2,612 |
| Total consolidated income before income taxes and income from equity method investments | | | | $ 86,833 |

Additional financial information on the Company's reportable segments is shown below, which follows the same accounting policies as those described in Note 2 – Basis of Presentation and Summary of Significant Accounting Policies:

| | Three months ended, | | | |
|---|---|---|---|---|
| | June 30, 2025 | | June 30, 2024 | |
| | E&M | T&D | E&M | T&D |
| | (In thousands) | | | |
| Depreciation and amortization expense | $ 1,371 | $ 5,796 | $ 1,605 | $ 4,634 |
| Interest expense, net | (1,474) | 998 | 244 | 1,111 |
| Income tax expense | 16,470 | 5,812 | 10,384 | 4,970 |
| Capital expenditures* | $ 805 | $ 12,103 | $ 1,421 | $ 5,361 |

| | Six months ended, | | | |
|---|---|---|---|---|
| | June 30, 2025 | | June 30, 2024 | |
| | E&M | T&D | E&M | T&D |
| | (In thousands) | | | |
| Depreciation and amortization expense | $ 2,853 | $ 11,245 | $ 3,176 | $ 9,095 |
| Interest expense, net | (3,297) | 1,698 | 171 | 2,048 |
| Income tax expense | 29,737 | 9,254 | 18,672 | 8,347 |
| Capital expenditures* | $ 10,124 | $ 21,923 | $ 2,940 | $ 13,470 |

* Capital expenditures for the three and six months ended June 30, 2025 and 2024 include noncash transactions for capital expenditure-related Accounts payable.

Reconciliations of reportable segment assets to consolidated assets were as follows as of:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| | (In thousands) | |
| E&M segment assets | $ 938,959 | $ 764,470 |
| T&D segment assets | 432,062 | 410,887 |
| Total reportable segment assets | 1,371,021 | 1,175,357 |
| Other assets | 139,181 | 161,016 |
| Elimination of intercompany receivables | (28,825) | (47,910) |
| Total consolidated assets | $ 1,481,377 | $ 1,288,463 |

For more information about the disaggregation of the Company's revenue by contract type and customer type for each reportable segment, refer to Note 3 – Revenue from Contracts with Customers.

Revenue from a single customer accounted for approximately 17% and 16% of total operating revenues for the three and six months ended June 30, 2025, respectively, which was included in the E&M segment. No single customer accounted for more than 10% of total operating revenues for the three and six months ended June 30, 2024.

At a segment level, revenue from two E&M customers individually accounted for approximately 22% and 12% of total E&M segment revenues for the three months ended June 30, 2025, respectively, and for approximately 20% and 11% of total E&M segment revenues for the six months ended June 30, 2025, respectively. No single E&M customer accounted for more than 10% of total E&M segment revenues for the three and six months ended June 30, 2024.

As for T&D, revenue from two T&D customers that individually accounted for approximately 17% and 10% of total T&D segment revenues for the three months ended June 30, 2025, respectively, and for approximately 18% and 10% of total T&D segment revenues for the six months ended June 30, 2025, respectively. A single T&D customer accounted for approximately 18% and 20% of total T&D segment revenues for the three and six months ended June 30, 2024, respectively.

Trade receivables from a single customer accounted for approximately 19% of total trade receivables as of June 30, 2025, which was included in the E&M segment. No single customer accounted for more than 10% of total trade receivables as of December 31, 2024.

At a segment level, trade receivables from two E&M customers that individually accounted for approximately 23% and 10% of total E&M segment trade receivables as of June 30, 2025, respectively. Trade receivables from a single customer accounted for approximately 10% of total E&M segment trade receivables as of December 31, 2024.

No single T&D customer accounted for more than 10% of total T&D segment trade receivables as of June 30, 2025 and December 31, 2024.

**Note 12 – Employee Benefit Plans**

**Nonqualified Deferred Compensation Plans**

In 2012, MDU Resources established a nonqualified deferred compensation plan (the "MDU Resources 2012 plan") for certain key management employees, including certain employees of the Company. In 2020, the MDU Resources 2012 plan was frozen to new participants and no new Company contributions were made to the MDU Resources 2012 plan after December 31, 2020. Vesting for participants not fully vested was retained. To replace the MDU Resources 2012 plan, a new nonqualified deferred compensation plan was adopted in 2020 by MDU Resources, effective January 1, 2021 (the "MDU Resources 2020 plan").

In connection with the Separation, the Company adopted its own nonqualified deferred compensation plan, effective October 31, 2024, in which eligible employees of the Company may participate. Previous Company employee liability balances related to the MDU Resources 2020 plan were transferred to the Company. The MDU Resources 2012 plan associated liability balances were assumed by MDU Resources.

Net expenses incurred by the Company under these plans were $0.4 million and $1.6 million for the three and six months ended June 30, 2025, respectively, and $0.1 million and $0.5 million for the three and six months ended June 30, 2024, respectively.

**Note 13 – Commitments and Contingencies**

The Company is a party to claims and lawsuits arising out of its business, including that of its consolidated subsidiaries, which may include, but are not limited to, matters involving property damage; personal injury; and environmental, contractual, statutory and regulatory obligations. The Company accrues a liability for loss contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated, or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss.

**Litigation**

As of June 30, 2025 and December 31, 2024, the Company accrued for litigation-related contingent liabilities that have not been discounted of $5.1 million and $4.5 million, respectively, which were included in either Other accrued liabilities or Other noncurrent liabilities on the unaudited condensed consolidated balance sheets. For such cases where the Company determined that the outcome of the outstanding litigation cases will be covered by the Company's insurance carrier, any amounts due related to the litigation will be paid directly by the Company's insurance carrier. As a result, the Company had net loss contingency liabilities, after insurance claim receivables, of $0.5 million and $3.5 million as of June 30, 2025 and December 31, 2024, respectively, reflecting the amounts that the Company would be responsible for resulting from litigation.

The Company will continue to monitor each matter and adjust accruals as necessary based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Unless otherwise required by GAAP, legal costs are expensed as they are incurred and are included in Selling, general and administrative expenses on the unaudited condensed consolidated statements of income.

**Guarantees**

In the normal course of business, the Company has surety bonds related to construction contracts of its subsidiaries. These bonds relate to certain public and private sector contracts to secure contractual performance, including completion of agreed upon contract terms, timing and price, payments to subcontractors and suppliers, and protection for customers from fraudulent practices. In the event a subsidiary of the Company does not fulfill a bonded obligation, the Company would be responsible to the surety bond company for completion of the bonded contract or obligation. A large portion of the surety bonds are expected to expire within the next 12 months; however, the Company likely will continue to enter into surety bonds for its subsidiaries in the future. As of June 30, 2025 and December 31, 2024, the potential maximum payment amounts the Company would be required to make under the outstanding surety bonds were approximately $739.2 million and $717.0 million, respectively, which were not reflected on the unaudited condensed consolidated balance sheets.

The Company has outstanding guarantees to third parties for the guarantees of job performance and/or leasing activity of certain subsidiaries of the Company. The job performance guarantees are related to contracts for contracting services. As of June 30, 2025 and December 31, 2024, the fixed maximum amounts guaranteed under these agreements aggregated to $659.8 million and $542.7 million, respectively. The scheduled expiration of the maximum amounts guaranteed aggregate to $63.3 million for the remainder of 2025, $505.3 million in 2026, $49.8 million in 2027, $19.2 million in 2028, $3.4 million in 2029 and $18.8 million thereafter. There were no amounts outstanding under the previously mentioned guarantees and the maximum amounts guaranteed were not reflected on the unaudited condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024. However, in the event of default under these guarantee obligations, the Company would be required to make payments to satisfy its guarantees.

In addition to the above guarantees, there were $15.6 million of outstanding standby letters of credit for certain guarantees to third parties under our Revolving Credit Facility as of both June 30, 2025 and December 31, 2024. In the event of default under these letter-of-credit obligations, the Company would be obligated for reimbursement of payments made under the letters of credit. For more information on the letters of credit under our Revolving Credit Facility, refer to Note 6 – Debt.

Separately, the Company has issued guarantees to third parties related to the routine purchase of maintenance items, materials and lease obligations for which no fixed maximum amounts have been specified. These guarantees have no scheduled maturity date. There were no amounts outstanding and the maximum amounts guaranteed were not reflected on the unaudited condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024. In the event a subsidiary of the Company defaults under these obligations, the Company would be required to make payments to satisfy these guarantees.

**Note 14 – Related-Party Transactions**

**Allocation of Corporate Expenses**

Prior to the Separation, Centennial and MDU Resources allocated expenses for corporate services provided to the Company, including costs related to senior management, legal, human resources, finance and accounting, treasury, information technology, internal audit, risk management and other shared services. The amounts allocated were $7.9 million and $22.7 million for the three and six months ended June 30, 2024, respectively.

These expenses were allocated to the Company on the basis of direct usage where identifiable, with the remainder allocated on the basis of percent of total capital invested, the percent of total average cash management program borrowings with MDU Resources, the percent of total average commercial paper borrowings with Centennial or other allocation methodologies that were considered to be a reasonable reflection of the utilization of the services provided to the benefits received. Some of the utilization factors considered include the following: number of employees paid and stated as cost per check; number of employees served; weighted factor of travel, managed units, national account spending, equipment and fleet acquisitions; purchase order dollars spent and purchase order line count; number of payments, vouchers or unclaimed property reports; labor hours; time tracked; and projected workload.

These cost allocations were a reasonable reflection of the utilization of services provided to, or the benefit derived by, the Company during the periods presented prior to the Separation. However, the allocations may not be indicative of the actual expenses that would have been incurred had the Company operated as a standalone company. Actual costs as a standalone company depend on a number of factors, including the chosen organizational structure, whether functions are outsourced or performed by Company employees, and strategic decisions made in areas such as selling and marketing, information technology and infrastructure. Refer to Note 2 – Basis of Presentation and Summary of Significant Accounting Policies for additional information.

**Transition Services Agreement**

On October 31, 2024, as part of the Separation, the Company and MDU Resources entered into a transition services agreement whereby the Company and MDU Resources provide certain transition services to each other. The transition services agreement outlines services that are provided between parties related to tax, legal, treasury, human resources, information technology, risk management and other general and administrative functions. For the three and six months ended June 30, 2025, the Company incurred $1.3 million and $2.6 million of transition services expenses related to services from MDU Resources, respectively, which were reflected in Selling, general and administrative expenses on the unaudited condensed consolidated statements of income. During the second quarter of 2025, the Company deemed $0.5 million of transition services expenses from the first quarter of 2025 to be recurring in nature and thus, not transition services expenses. For both of the three and six months ended June 30, 2025, the Company received an immaterial amount for its services to MDU Resources, which was reflected in Other income, net on the unaudited condensed consolidated statements of income. The majority of the transition services are expected to be completed over a period of 20 months, but no longer than two years, after the Separation.

**Cash Management and Financing**

Prior to the second quarter of 2023, Centennial had a commercial paper program and long-term borrowing arrangements in which the Company and certain of its subsidiaries participated. Centennial repaid all of its outstanding debt in the second quarter of 2023, and subsequently MDU Resources supported the Company's borrowing needs through Centennial. The Company accounted for cash receipts and disbursements from MDU Resources and Centennial, through related-party receivables and payables. Until the Separation, the Company had related-party agreements in place with Centennial, via MDU Resources, for the financing of its capital needs. Following the Separation, the Company relies on its own credit and financing arrangements.

The Company was allocated interest based on borrowings from or lending to the cash management and financing program as well as the funding related to these agreements as described above. The related-party interest expense associated with the Company's participation in the cash management and financing program was $3.3 million and $6.1 million for the three and six months ended June 30, 2024, respectively.

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

*The following information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q ("Quarterly Report"). The following discussion may contain forward-looking statements that are based upon current expectations and are subject to uncertainty and changes in circumstances.*

*Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed in the following and elsewhere in this Quarterly Report, particularly in the section entitled "Cautionary Note Regarding Forward-Looking Statements." Refer to the section titled "Item 1A. Risk Factors" included in our 2024 Annual Report on Form 10-K ("2024 Annual Report") for more information concerning our risk factors. References to the "Company," "Everus," "we," "us," and "our" refer to Everus Construction Group, Inc. and its consolidated subsidiaries, unless otherwise stated or indicated by context.*

**Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements that reflect our expectations, assumptions or projections about the future, other than statements of historical facts, including, without limitation, statements regarding plans, trends, objectives, goals, business strategies, market potential, future financial performance and other matters are considered forward-looking statements. The words "believe," "expect," "estimate," "could," "should," "would," "intend," "may," "plan," "predict," "seek," "anticipate," "project" and similar expressions generally identify forward-looking statements, which speak only as of the date the statements were made. In particular, information included under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 3. Quantitative and Qualitative Disclosures about Market Risk" of this Quarterly Report contains forward-looking statements.

The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. Although we believe that the expectations reflected in any forward-looking statements we make are based on reasonable assumptions as of the date they are made, we can give no assurance that the expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussion under "Item 1A. Risk Factors" in our 2024 Annual Report.

You should read this Quarterly Report completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this Quarterly Report are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this Quarterly Report, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise.

Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

**Overview**

We are a leading construction solutions provider offering specialty contracting services to a diverse set of end markets, which are provided to commercial, industrial, institutional, renewables, service, utility, transportation and other customers. We operate throughout most of the United States through two reportable, operating segments:

*Electrical & Mechanical ("E&M")*: Contracting services including construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services in both the public and private sectors.

*Transmission & Distribution ("T&D")*: Contracting services including construction and maintenance of overhead and underground electrical, gas and communication infrastructure, as well as design, manufacture and distribution of overhead and underground transmission line construction equipment and tools.

We focus on safely executing projects; providing a superior return on investment by building new and strengthening existing customer relationships; ensuring quality service; effectively managing costs; retaining, developing and recruiting talented employees; growing through organic and strategic acquisition opportunities; and focusing efforts on projects that will permit higher margins while properly managing risk. The growth we have experienced in recent years is due in part to the project awards in the end markets and submarkets served and the ability to support national customers in most of the regions in which we operate. Our strong presence in the Western, Midwestern and Eastern regions of the United States has driven opportunities in data centers, high tech, hospitality and utilities, while customer expansion nationwide continues to extend our reach through partnerships through our 15 wholly owned operating companies. At Everus, people are our core, and we prioritize integrity, safety and growth through comprehensive training, hands-on development, safety compliance metrics and strong union partnerships to instill a safety first culture and ethical leadership across all levels.

***Economic and Industry Factors Impacting Our Business***

We have experienced increased insurance costs and anticipate continued increases in insurance costs. Premiums in the insurance industry have risen due to many factors, such as economic inflation and a rise in insurance carriers' losses, in particular for wildfire risks. We experienced these aforementioned impacts with coverage for our insurance lines on a standalone basis following the Separation. However, we are formulating strategies to minimize these costs and/or ensuring these costs are built into our bidding opportunities going forward.

Despite these increased costs, we are focused on growing our total revenues, expanding margins, managing costs and generating cash, all of which would result in increased operating income.

***Market Conditions and Outlook***

The U.S. construction services industry is highly fragmented. It includes a wide spectrum of players, from small, private companies whose activities are geographically concentrated to larger public companies with nationwide capabilities. Competition within the industry is influenced by various elements such as technical expertise, service pricing, financial and operational resources, track record for safety, industry reputation and dependability.

The U.S. construction services industry serves a diverse customer base that includes federal, state and municipal governmental agencies, commercial and residential developers and private parties. The mix of customers varies by region and economic conditions.

The main factors and trends in the U.S. construction services industry include:

- **Key economic factors.** Many factors affect product demand, including public spending on infrastructure projects, general economic conditions, including population growth and employment levels, imposed and proposed tariffs, and prevailing interest rates.
- **Inflation.** Rising inflation can increase the cost of construction materials, labor and insurance premiums, impacting project budgets and profitability.
- **Industry fragmentation.** There are thousands of construction services providers of varying scope and size. Market participants may enter new geographies or expand existing positions through organic growth or the acquisition of existing providers.
- **Seasonality.** Activity in certain areas is seasonal due to the effects of weather, which can impact safety and efficiency of operations but could also lead to demand for our services.
- **Cyclicality.** The demand for construction services is significantly influenced by the cyclical nature of the economy.
- **Regulations.** Operations are subject to extensive laws and regulations relating to the maintenance of safe conditions in the workplace.
- **Production inputs.** Cost of labor, equipment and other inputs can vary over time based on macroeconomic factors and impact profitability of operations.
- **Personnel.** Ability to maintain productivity and operating performance is heavily dependent on the ability to employ, train and retain qualified personnel necessary to operate efficiently.

We continued to have bidding opportunities in the specialty contracting markets we have operated in during 2025, as evidenced by our backlog. We continue to see strong project opportunities across our diverse service offerings, particularly for data center, underground and hospitality work. With our successful track record of executing on complex projects, our long-term customer relationships, safe and skilled workforce, quality of service and effective cost management, we remain well-positioned to benefit from favorable demand drivers, including high tech reshoring, data center construction and utility infrastructure investments, giving us the opportunity to continue securing and executing profitable projects in the future.

**The Separation and Distribution**

On November 2, 2023, MDU Resources Group, Inc. ("MDU Resources") announced its intention to pursue a tax-free spinoff of Everus Construction, Inc. (formerly known as MDU Construction Services Group, Inc.) ("Everus Construction") from MDU Resources (the "Separation"). Prior to the Separation, Everus Construction was the construction services segment of MDU Resources and operated as a wholly owned subsidiary of CEHI, LLC ("Centennial"), which is a wholly owned subsidiary of MDU Resources. In anticipation of the Separation, MDU Resources formed a new wholly owned subsidiary, Everus Construction Group, Inc., that became the new parent company of Everus Construction.

On October 31, 2024, MDU Resources completed the Separation by transferring Everus Construction, inclusive of all its assets and liabilities, to Everus and distributing 50,972,059 shares of Everus common stock ($0.01 par value) to MDU Resources stockholders of record as of October 21, 2024 (the "Distribution"). The Distribution was structured as a pro rata distribution of one share of Everus common stock for every four shares of MDU Resources common stock (such ratio, the "Distribution Ratio"). MDU Resources did not distribute any fractional shares of Everus common stock to its stockholders as part of the distribution. Instead, MDU Resources' stockholders received cash in lieu of any fractional shares of Everus common stock that they would have received after application of the Distribution Ratio.

As a result of the Separation and Distribution, Everus is an independent publicly traded company and our common stock is listed under the symbol "ECG" on the New York Stock Exchange.

The Separation and Distribution was completed pursuant to a separation and distribution agreement and other agreements with MDU Resources, including, but not limited to, a transition services agreement, a tax matters agreement and an employee matters agreement. Refer to Note 14 – Related-Party Transactions in the unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report for additional information on the transition services agreement. We have incurred costs related to becoming an independent public entity and expect additional ongoing expenses related to continued operations as such.

For a complete discussion of the associated risks and uncertainties associated with the Separation and Distribution, see "Risk Factors—Separation and Distribution Risks" in our 2024 Annual Report.

**Basis of Presentation**

Prior to the Separation, Everus Construction historically operated as a wholly owned subsidiary of Centennial and an indirect, wholly owned subsidiary of MDU Resources and not as a standalone company. For periods prior to the Separation, financial information included in the accompanying unaudited condensed consolidated financial statements and related footnotes of this Quarterly Report were prepared on a "carve-out" basis in connection with the Separation and were derived from the unaudited condensed consolidated financial statements of MDU Resources as if we operated on a standalone basis during the periods presented. However, the financial information included in unaudited condensed consolidated financial statements and related footnotes for periods prior to the Separation do not necessarily reflect what our results of operations, financial position and cash flows would have been had we operated as a separate, publicly traded company and may not be indicative of our future performance. For additional information related to our basis of presentation, see Note 2 – Basis of Presentation and Summary of Significant Accounting Policies in the unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report.

Before the Separation, we historically participated in MDU Resources' centralized cash management program through Centennial, including its overall financing arrangements. We had related-party agreements in place with Centennial for the financing of our capital needs, which were reflected as Related-party notes payable on the unaudited condensed consolidated balance sheets for periods prior to the Separation. Interest expense, net in the unaudited condensed consolidated statements of income reflected the allocation of interest on borrowing and funding associated with the related-party agreements for periods prior to the Separation. Refer to Note 14 – Related-Party Transactions in the unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report for additional information.

Following the Separation, we rely on our own credit and financing arrangements and incur interest expense associated with those arrangements. For additional information related to our current credit and financing arrangements, refer to Note 6 – Debt in the unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report.

Cash-settled related-party transactions between Everus, MDU Resources, Centennial, and other MDU Resources subsidiaries were included in the unaudited condensed consolidated financial statements for periods prior to the Separation. For additional information regarding the agreements between us, MDU Resources and Centennial, refer to the "Certain Relationships and Related Person Transactions, and Director Independence" section in our 2024 Annual Report.

All intercompany balances and transactions between the businesses comprising Everus have been eliminated in the accompanying unaudited condensed consolidated financial statements.

**Consolidated Results of Operations For the Three and Six Months Ended June 30, 2025 and 2024**

The following table sets forth our consolidated selected statements of income data, as well as the percentage change from the prior comparative interim period.

| | Three months ended June 30, | | | Six months ended June 30, | | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | % change | 2025 | 2024 | % change |
| | | | (In millions, except percentages) | | | |
| Operating revenues | $ 921.5 | $ 703.3 | 31.0 % | $ 1,748.1 | $ 1,329.1 | 31.5 % |
| Cost of sales | 801.6 | 614.8 | 30.4 | 1,535.7 | 1,165.8 | 31.7 |
| Gross profit | 119.9 | 88.5 | 35.5 | 212.4 | 163.3 | 30.1 |
| Selling, general and administrative expenses | 47.4 | 37.2 | 27.4 | 88.9 | 73.1 | 21.6 |
| Operating income | 72.5 | 51.3 | 41.3 | 123.5 | 90.2 | 36.9 |
| Interest expense, net | 4.8 | 3.3 | 45.5 | 9.5 | 6.0 | 58.3 |
| Other income, net | 1.9 | 1.7 | 11.8 | 2.5 | 2.6 | (3.8) |
| Income before income taxes and income from equity method investments | 69.6 | 49.7 | 40.0 | 116.5 | 86.8 | 34.2 |
| Income taxes | 19.4 | 13.6 | 42.6 | 33.0 | 23.6 | 39.8 |
| Income from equity method investments | 2.6 | 2.9 | (10.3) | 6.0 | 4.0 | 50.0 |
| Net income | $ 52.8 | $ 39.0 | 35.4 % | $ 89.5 | $ 67.2 | 33.2 % |

***Three Months Ended June 30, 2025, Compared to Three Months Ended June 30, 2024***

*Operating Revenues*

Operating revenues for the three months ended June 30, 2025, were $921.5 million, an increase of $218.2 million, or 31.0%, from $703.3 million for the three months ended June 30, 2024. E&M revenues rose $209.8 million, or 41.6%, and T&D revenues grew $5.6 million, or 2.7%.

E&M revenues increased $209.8 million, or 41.6%, as a result of higher revenues for the commercial end market, partially offset by modest revenue declines for the remaining E&M end markets as discussed in more detail below.

- Commercial revenues increased due to higher data center, hospitality and commercial submarket activity due to increased workloads.
- Institutional revenues declined with reduced workload activity in the healthcare submarket, partially offset by increased project activity in the education and government submarkets.
- Industrial revenues decreased with lower project activity in the high tech submarket, partially offset by higher workloads in oil & gas and manufacturing.
- Service & other revenues slowed from lower repair and maintenance demand.
- Renewables revenues declined due to decreased project activity within the generation submarket and the timing of projects.

T&D revenues increased $5.6 million, or 2.7%, due to higher utility and transportation end-market revenues.

- Transportation revenues increased with higher workloads in the traffic signalization submarket, partially offset by reduced project activity in the street lighting submarket.
- Utility revenues increased from higher workloads and submarket activity across underground and construction, partially offset by lower distribution, telecommunication and transmission workloads due to timing of project availability.

*Cost of Sales*

Cost of sales for the three months ended June 30, 2025, was $801.6 million, an increase of $186.8 million, or 30.4%, from $614.8 million for the three months ended June 30, 2024. This increase primarily related to higher operating costs due to increased E&M and T&D workloads and changes in project mix, partially offset by efficiency gains on certain projects. Labor, subcontractor, material and equipment and tools costs increased $93.8 million, $52.2 million, $22.8 million and $8.6 million, respectively, along with higher other job expenses of $9.4 million.

*Gross Profit*

Gross profit for the three months ended June 30, 2025, was $119.9 million, an increase of $31.4 million, or 35.5%, from $88.5 million for the three months ended June 30, 2024. The increase was primarily driven by higher revenues and higher gross profit margin due to project timing and efficiency gains on certain projects, partially offset by changes in project mix. Gross profit margin increased to 13.0% for the three months ended June 30, 2025, compared to 12.6% for the three months ended June 30, 2024.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses for the three months ended June 30, 2025, were $47.4 million, an increase of $10.2 million, or 27.4%, from $37.2 million for the three months ended June 30, 2024. The increase was driven primarily by higher labor and professional service-related expenses of $7.0 million and $1.6 million, respectively, including incremental stand-alone operating costs, to support the operational growth of the business, and higher general expenses of $1.6 million including higher corporate overhead expenses.

*Operating Income*

Operating income for the three months ended June 30, 2025, was $72.5 million, an increase of $21.2 million, or 41.3%, from $51.3 million for the three months ended June 30, 2024. The increase was primarily driven by increased gross profit and gross profit margin, partially offset by increased selling, general and administrative expenses, including incremental stand-alone operating costs, both of which are discussed above. Operating income margin increased to 7.9% for the three months ended June 30, 2025, compared to 7.3% for the three months ended June 30, 2024.

*Interest Expense, Net*

Interest expense, net for the three months ended June 30, 2025, was $4.8 million, an increase of $1.5 million, or 45.5%, from $3.3 million for the three months ended June 30, 2024. This increase primarily related to average higher debt balances under the Term Loan (as defined below) during the three months ended June 30, 2025, compared to the average debt balances from the related-party cash management program for working capital needs during the three months ended June 30, 2024. For the three months ended June 30, 2025, we earned $0.6 million in interest income from our daily cash sweep program, partially offsetting the increase in interest expense.

*Other Income, Net*

Other income, net for the three months ended June 30, 2025, was $1.9 million, an increase of $0.2 million, or 11.8%, from $1.7 million for the three months ended June 30, 2024. This increase primarily related to miscellaneous income activity, including rebates and bank fees.

*Income Taxes*

Income taxes for the three months ended June 30, 2025, were $19.4 million, an increase of $5.8 million, or 42.6%, from $13.6 million for the three months ended June 30, 2024, reflecting higher pretax income for the period. The effective tax rate was 26.9% for the three months ended June 30, 2025, compared to 25.9% for the three months ended June 30, 2024.

*Income from Equity Method Investments*

Income from equity method investments for the three months ended June 30, 2025, was $2.6 million, a decrease of $0.3 million, or 10.3%, from $2.9 million for three months ended June 30, 2024. This decrease primarily related to decreased activity on joint ventures during the period.

Net income for the three months ended June 30, 2025, was $52.8 million, an increase of $13.8 million, or 35.4%, from $39.0 million for the three months ended June 30, 2024. The increase was primarily from increased gross profit and gross profit margin, partially offset by higher selling, general and administrative expenses, including incremental stand-alone operating costs, interest expense related to the company's borrowing arrangements and taxes from higher pretax income. Net income margin increased to 5.7% for the three months ended June 30, 2025, compared to 5.5% for the three months ended June 30, 2024.

***Six Months Ended June 30, 2025, Compared to Six Months Ended June 30, 2024***

*Operating Revenues*

Operating revenues for the six months ended June 30, 2025, were $1,748.1 million, an increase of $419.0 million, or 31.5%, from $1,329.1 million for the six months ended June 30, 2024. E&M revenues grew $416.9 million, or 44.1%, and T&D revenues increased $2.1 million, or 0.5%.

E&M revenues increased $416.9 million, or 44.1%, as a result of growth across all E&M end markets, except for Service & other, which had a marginal revenue decline as discussed in more detail below.

- Commercial revenues rose with higher data center and hospitality submarket activity due to increased workloads.
- Institutional revenues increased from higher workloads in the education and government submarkets, with lower project activity in the healthcare submarket.
- Renewables revenues grew due to increased project activity within the generation submarket and timing of projects.
- Industrial experienced higher workloads in the oil & gas and manufacturing submarkets, partially offset by reduced project activity in the high tech submarket.
- Service & other revenues declined due to decreased repair and maintenance demand.

T&D revenues increased $2.1 million, or 0.5%, due to higher transportation end-market revenues, partially offset by lower utility end-market revenues.

- Transportation had higher revenues due to higher workloads in the traffic signalization submarket, partially offset by reduced project activity in the street lighting submarket.
- Utility revenues decreased from lower workloads due to weather-related impacts and timing of project availability in the distribution, storm, transmission and substation submarkets, partially offset by increased project activity across the underground, sales and construction submarkets.

*Cost of Sales*

Cost of sales for the six months ended June 30, 2025, was $1,535.7 million, an increase of $369.9 million, or 31.7%, from $1,165.8 million for the six months ended June 30, 2024. This increase primarily related to higher operating costs from increased E&M and T&D workloads and changes in project mix, partially offset by efficiency gains on certain projects. Labor, subcontractor, material, and equipment and tools costs increased $194.3 million, $85.4 million, $63.4 million and $15.4 million, respectively, along with higher other job expenses of $11.4 million.

*Gross Profit*

Gross profit for the six months ended June 30, 2025, was $212.4 million, an increase of $49.1 million, or 30.1%, from $163.3 million for the six months ended June 30, 2024. The increase was primarily driven by higher revenues due to project timing and efficiency gains on certain projects, partially offset by higher operating costs and lower gross profit margin from changes in project mix. Gross profit margin was 12.2% for the six months ended June 30, 2025, compared to 12.3% for the six months ended June 30, 2024.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses for the six months ended June 30, 2025, were $88.9 million, an increase of $15.8 million, or 21.6%, from $73.1 million for the six months ended June 30, 2024. The increase was driven primarily by higher labor and professional service-related expenses of $11.8 million and $3.5 million, respectively, including incremental stand-alone operating costs, to support the operational growth of the business, and higher general expenses of $2.1 million, including higher corporate overhead expenses. Partially offsetting these increases was lower provision for expected credit losses of $1.6 million.

*Operating Income*

Operating income for the six months ended June 30, 2025 was $123.5 million, an increase of $33.3 million, or 36.9%, from $90.2 million for the six months ended June 30, 2024. The increase was primarily driven by increased gross profit, partially offset by increased selling, general and administrative expenses, including incremental stand-alone operating costs, both of which are discussed above. Operating income margin increased to 7.1% for the six months ended June 30, 2025, compared to 6.8% for the six months ended June 30, 2024.

*Interest Expense, Net*

Interest expense, net for the six months ended June 30, 2025, was $9.5 million, an increase of $3.5 million, or 58.3%, from $6.0 million for the six months ended June 30, 2024. The increase primarily related to average higher debt balances under the Term Loan (as defined below) during the six months ended June 30, 2025, compared to the average debt balances from the related-party cash management program for working capital needs during the six months ended June 30, 2024. For the six months ended June 30, 2025, we earned $1.5 million in interest income from our daily cash sweep program, partially offsetting the increase in interest expense.

*Other Income, Net*

Other income, net for the six months ended June 30, 2025, was $2.5 million, a decrease of $0.1 million, or 3.8%, from $2.6 million for the six months ended June 30, 2024. The decrease primarily related to reduced miscellaneous income activity compared to the prior-year period, including lower rebates and bank fees.

*Income Taxes*

Income taxes for the six months ended June 30, 2025, were $33.0 million, an increase of $9.4 million, or 39.8%, from $23.6 million for the six months ended June 30, 2024, reflecting higher pretax income for the period. The effective tax rate was 26.9% for the six months ended June 30, 2025, compared to 26.0% for the six months ended June 30, 2024.

*Income from Equity Method Investments*

Income from equity method investments for the six months ended June 30, 2025, was $6.0 million, an increase of $2.0 million, or 50.0%, from $4.0 million for the six months ended June 30, 2024. The increase primarily related to increased activity on joint ventures for the period.

*Net Income*

Net income for the six months ended June 30, 2025, was $89.5 million, an increase of $22.3 million, or 33.2%, from $67.2 million for the six months ended June 30, 2024. The increase was primarily from increased gross profit and higher income from joint ventures, partially offset by higher selling, general and administrative expenses, interest expense related to our borrowing arrangements and taxes due to higher pretax income. Net income margin remained consistent at 5.1% for the six months ended June 30, 2025, compared to 5.1% for the six months ended June 30, 2024.

**Segment Results of Operations For the Three and Six Months Ended June 30, 2025 and 2024**

We report our results under two reportable, operating segments: E&M and T&D. The following table sets forth segment revenues, segment operating income and "Corporate and Other" category operating income for the periods indicated, as well as the percentage change from the prior comparative interim period:

| | Three months ended June 30, | | | Six months ended June 30, | | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | % Change | 2025 | 2024 | % Change |
| | (In millions, except percentages) | | | | | |
| Operating revenues: | | | | | | |
| Electrical & Mechanical | $ 713.6 | $ 503.8 | 41.6 % | $ 1,361.8 | $ 944.9 | 44.1 % |
| Transmission & Distribution | 212.4 | 206.8 | 2.7 | 397.4 | 395.3 | 0.5 |
| Eliminations | (4.5) | (7.3) | (38.4) | (11.1) | (11.1) | — |
| Consolidated revenues | $ 921.5 | $ 703.3 | 31.0 % | $ 1,748.1 | $ 1,329.1 | 31.5 % |
| | | | | | | |
| Operating income: | | | | | | |
| Electrical & Mechanical | $ 59.2 | $ 35.9 | 64.9 % | $ 103.5 | $ 65.8 | 57.3 % |
| Transmission & Distribution | 23.7 | 20.6 | 15.0 | 38.2 | 34.8 | 9.8 |
| Corporate and Other | (10.4) | (5.2) | (100.0) | (18.2) | (10.4) | (75.0) |
| Consolidated operating income | $ 72.5 | $ 51.3 | 41.3 % | $ 123.5 | $ 90.2 | 36.9 % |

***Three Months Ended June 30, 2025, Compared to Three Months Ended June 30, 2024***

*Operating Revenues*

E&M segment revenues for the three months ended June 30, 2025, were $713.6 million, an increase of $209.8 million, or 41.6%, from $503.8 million for the three months ended June 30, 2024. The increase primarily related to higher revenues for the commercial end market, partially offset by modest revenue declines for the remaining E&M end markets.

- Commercial revenues increased $222.0 million with higher data center, hospitality and commercial submarket activity due to increased workloads.
- Institutional revenues decreased $5.5 million, driven by lower workloads in healthcare, partially offset by increased submarket activity in education and government.
- Industrial revenues decreased $2.5 million, due to reduced activity in the high tech submarket, partially offset by higher workloads in oil & gas and manufacturing.
- Service & other revenues softened by $2.1 million as a result of lower repair and maintenance demand.
- Renewables revenues declined by $2.1 million due to decreased project activity within the generation submarket and the timing of projects.

T&D segment revenues for the three months ended June 30, 2025, were $212.4 million, an increase of $5.6 million, or 2.7%, from $206.8 million for the three months ended June 30, 2024. The increase was due to higher utility and transportation end-market revenues.

- Transportation revenues increased $3.3 million with higher workloads in the traffic signalization submarket, partially offset by reduced project activity in the street lighting submarket.
- Utility revenues increased $2.3 million due to higher workloads and submarket activity in underground and construction, partially offset by lower workloads in distribution, telecommunication and transmission due to the timing of project availability.

*Operating Income*

E&M segment operating income for the three months ended June 30, 2025, was $59.2 million, an increase of $23.3 million, or 64.9%, from $35.9 million for the three months ended June 30, 2024. The increase was primarily driven by higher gross profit across all end markets, particularly commercial and industrial, due to project timing and efficiency gains on certain projects, partially offset by changes in project mix. E&M gross profit margin increased to 12.0% for the three months ended June 30, 2025, compared to 11.6% for the three months ended June 30, 2024. Operating income was also impacted by higher selling, general and administrative expenses, including cost increases for labor of $3.6 million and professional-related services of $0.4 million. Operating income margin for our E&M segment increased to 8.3% for the three months ended June 30, 2025 compared to 7.1% for the three months ended June 30, 2024.

T&D segment operating income for the three months ended June 30, 2025, was $23.7 million, an increase of $3.1 million, or 15.0%, from $20.6 million for the three months ended June 30, 2024. The increase was the result of higher gross profit due to efficient project execution and project mix, with increased T&D gross profit margin of 16.1% for the three months ended June 30, 2025, compared to 14.6% for the three months ended June 30, 2024. Operating income was also impacted by higher selling, general and administrative expenses, including cost increases for labor of $0.5 million and professional-related services of $0.4 million. Operating income margin for our T&D segment increased to 11.1% for the three months ended June 30, 2025, compared to 10.0% for the three months ended June 30, 2024.

The increase in corporate and other costs during the three months ended June 30, 2025 was primarily due to higher labor and professional service-related expenses of $2.9 million and $0.8 million, respectively, including incremental stand-alone operating costs, to support the operational growth of the business, along with higher general expenses of $1.6 million, including higher corporate overhead expenses.

***Six Months Ended June 30, 2025, Compared to Six Months Ended June 30, 2024***

*Operating Revenues*

E&M segment revenues for the six months ended June 30, 2025, were $1,361.8 million, an increase of $416.9 million, or 44.1%, from $944.9 million for the six months ended June 30, 2024. The increase primarily related to growth across all E&M end markets, except for Service & other, which had a marginal decrease in revenue.

- Commercial revenues rose $394.4 million with higher data center and hospitality submarket activity due to increased workloads.
- Institutional revenues increased $14.1 million from higher workloads in the education and government submarkets, with lower project activity in the healthcare submarket.
- Renewables revenues grew $6.2 million due to increased project activity within the generation submarket and timing of projects.
- Industrial revenues increased $3.8 million with higher workloads in the oil & gas and manufacturing submarkets, partially offset by reduced project activity in the high tech submarket.
- Service & other revenues declined $1.6 million due to decreased repair and maintenance demand.

T&D segment revenues for the six months ended June 30, 2025, were $397.4 million, an increase of $2.1 million, or 0.5%, from $395.3 million for the six months ended June 30, 2024. The increase primarily related to higher transportation end-market revenues, partially offset by lower utility end-market revenues.

- Transportation revenues increased $5.9 million due to higher workloads in the traffic signalization submarket, partially offset by reduced project activity in the street lighting submarket.
- Utility revenues decreased $3.8 million from lower workloads due to weather-related impacts and timing of project availability in the distribution, storm, transmission and substation submarkets, partially offset by increased project activity across the underground, sales and construction submarkets.

*Operating Income*

E&M segment operating income for the six months ended June 30, 2025, was $103.5 million, an increase of $37.7 million, or 57.3%, from $65.8 million for the six months ended June 30, 2024. The increase was primarily driven by higher gross profit across all E&M end markets, particularly commercial and industrial, due to project timing and efficiency gains on certain projects. However, E&M gross profit margin decreased to 11.3% for the six months ended June 30, 2025, compared to 11.5% for the six months ended June 30, 2024, due to changes in project mix. Operating income was also impacted by higher selling, general and administrative expenses, including cost increases for labor of $7.1 million, professional-related services of $1.5 million and general expenses of $0.5 million, partially offset by lower provision for expected credit losses of $1.5 million. Operating income margin for our E&M segment increased to 7.6% for the six months ended June 30, 2025, compared to 7.0% for the six months ended June 30, 2024.

Operating income in the T&D segment for the six months ended June 30, 2025, was $38.2 million, an increase of $3.4 million, or 9.8%, from $34.8 million for the six months ended June 30, 2024. The increase was the result of higher gross profit due to efficient project execution and project mix, with increased T&D gross profit margin of 14.5% for the six months ended June 30, 2025, compared to 13.7% for the six months ended June 30, 2024. Selling, general and administrative expenses remained relatively consistent period over period. Operating income margin for our T&D segment increased to 9.6% for the six months ended June 30, 2025, compared to 8.8% for the six months ended June 30, 2024.

The increase in corporate and other costs during the six months ended June 30, 2025 was primarily due to higher labor and professional service-related expenses of $4.8 million and $1.8 million, respectively, including incremental stand-alone operating costs, to support the operational growth of the business, along with higher general expenses of $1.3 million, including higher corporate overhead expenses.

**Backlog**

Backlog is a common measurement in the construction services industry. Our determination of backlog can include projects that have a written award, a letter of intent, a notice to proceed, an agreed upon work order to perform work on mutually accepted terms, and conditions and change orders or claims to the extent management believes additional contract revenues will be earned and are deemed probable of collection. Contracts are subject to delays, defaults or cancellations; changes in scope of services to be provided; and adjustments to costs. Backlog may also be affected by project delays or cancellations resulting from weather conditions, external market factors and economic factors beyond our control, among other things. Accordingly, there is no assurance that backlog will be realized. For the periods presented in the backlog table below, we did not experience any material impacts related to delays or cancellations of planned projects that were included in backlog. The timing of contract awards, including contracts awarded pursuant to master service agreements, duration of large new contracts and the mix of services can significantly affect backlog. Backlog at any given point in time may not accurately represent the revenue or net income that is realized in any period, and backlog as of the end of the period may not be indicative of the revenue or net income expected to be realized within the next 12 months. Backlog should not be relied upon as a standalone indicator of future results. Factors noted in "Item 1A. Risk Factors" included in our 2024 Annual Report could cause revenues to be realized in periods and at levels that are different from originally projected.

Subject to the foregoing discussions, the following table provides estimated backlog as of the dates indicated and the amounts we reasonably estimate will be recognized within the next 12 months following June 30, 2025:

| | Amounts estimated to be recognized within 12 months | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|---|---|---|---|---|
| | | (In millions) | | |
| Electrical & Mechanical | $ 2,070.6 | $ 2,568.1 | $ 2,507.0 | $ 2,063.8 |
| Transmission & Distribution | 311.4 | 410.1 | 273.6 | 339.6 |
| Total | $ 2,382.0 | $ 2,978.2 | $ 2,780.6 | $ 2,403.4 |

Changes in backlog from period to period are primarily the result of fluctuations in the timing of contract awards and timing of revenue recognition of contracts.

The increase in E&M backlog from June 30, 2025, compared to December 31, 2024, primarily reflected additional project growth in the commercial end market, partially offset by project declines in the remaining E&M end markets during the period.

The increase in E&M backlog from June 30, 2025, compared to June 30, 2024, primarily reflected additional project growth in the commercial, renewables and institutional end markets, partially offset by project declines in the industrial and service & other end markets during the period.

The increase in T&D backlog from June 30, 2025, compared to December 31, 2024, primarily reflected additional project growth in the utility end market, partially offset by project declines in the transportation end market during the period.

The increase in T&D backlog from June 30, 2025, compared to June 30, 2024, primarily reflected additional project growth in the utility end market, partially offset by project declines in the transportation end market during the period.

**Non-GAAP Financial Measures**

All financial information presented in this Quarterly Report has been prepared in U.S. dollars in accordance with generally accepted accounting principles in the United States ("GAAP"), except for the presentation of the following non-GAAP financial measures: EBITDA, EBITDA margin and free cash flow. We evaluate our operating performance using EBITDA and EBITDA margin and evaluate our liquidity using free cash flow. These non-GAAP financial measures are not intended as alternatives to GAAP financial measures and have limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Because of these limitations, EBITDA, EBITDA margin and free cash flow should not be considered as replacements for net income, net income margin or cash provided by (used in) operating activities, the most comparable GAAP measures, respectively. Our non-GAAP financial measures are not standardized; therefore, it may not be possible to compare them with other companies' EBITDA, EBITDA margin and free cash flow having the same or similar names.

***EBITDA and EBITDA Margin***

We utilize EBITDA and EBITDA margin to consistently assess our operating performance and as a basis for strategic planning and forecasting, since we believe that EBITDA closely correlates to long-term enterprise value. We believe that measuring performance on an EBITDA basis is useful to investors, because it enables a more consistent evaluation of our operational performance period to period. We also believe these non-GAAP financial measures, in addition to the corresponding GAAP measures of net income and net income margin, are useful to investors to provide meaningful information about operational efficiency by excluding the impacts of differences in tax jurisdictions and structures, debt levels and capital investment. Investors also may use EBITDA to calculate leverage as a multiple of EBITDA. We use EBITDA and EBITDA margin, in addition to GAAP metrics, to evaluate our operating results, calculate compensation packages and determine leverage as a multiple of EBITDA to establish the appropriate funding of operations.

EBITDA is calculated by adding back interest expense, net of interest income, income taxes, and depreciation and amortization to net income. EBITDA margin is calculated by dividing EBITDA by operating revenues.

The following table reconciles net income to EBITDA and provides the calculation of EBITDA margin.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | (In millions, except percentages) | | | |
| Net income | $ 52.8 | $ 39.0 | $ 89.5 | $ 67.2 |
| Interest expense, net | 4.8 | 3.3 | 9.5 | 6.0 |
| Income taxes | 19.4 | 13.6 | 33.0 | 23.6 |
| Depreciation and amortization | 7.2 | 6.2 | 14.0 | 12.1 |
| EBITDA | $ 84.2 | $ 62.1 | $ 146.0 | $ 108.9 |
| | | | | |
| Operating revenues | $ 921.5 | $ 703.3 | $ 1,748.1 | $ 1,329.1 |
| Net income margin | 5.7 % | 5.5 % | 5.1 % | 5.1 % |
| EBITDA margin | 9.1 % | 8.8 % | 8.4 % | 8.2 % |

***Free Cash Flow***

We use free cash flow as a measure of liquidity that indicates how much cash we can produce after taking cash outflows from operations and assets into consideration. We believe this non-GAAP financial measure, in addition to the corresponding GAAP measure of cash provided by (used in) operating activities, is useful to investors because it provides meaningful information about our financial health and our ability to generate cash, support additional debt obligations, pay future dividends and fund growth. Free cash flow does not represent our residual cash flow available for discretionary purposes.

Free cash flow is defined as net cash provided by (used in) operating activities less net capital expenditures.

The following table reconciles cash provided by operating activities to free cash flow.

| | Six months ended June 30, | |
|---|---|---|
| | 2025 | 2024 |
| | (In millions) | |
| Net cash used in investing activities | $ (25.7) | $ (11.5) |
| Net cash provided by (used in) financing activities | $ (8.1) | $ 6.5 |
| | | |
| Net cash provided by operating activities | $ 32.5 | $ 3.7 |
| Purchases of property, plant and equipment | (31.6) | (16.5) |
| Cash proceeds from sale of property, plant and equipment | 5.6 | 5.4 |
| Free cash flow | $ 6.5 | $ (7.4) |

**Liquidity and Capital Resources**

As of June 30, 2025 and December 31, 2024, we had $84.7 million and $86.0 million of cash, cash equivalents and restricted cash, respectively, including $20.2 million and $16.1 million, respectively, of restricted cash held by the Captive Cell.

Prior to the Separation, we historically participated in MDU Resources' centralized cash management program through Centennial, including its overall financing arrangements. After the Separation, we no longer rely on MDU Resources' central cash management and financing program and instead rely on our own credit. We have implemented our own centralized cash management model and will use cash on hand and third-party credit facilities to fund day-to-day operations.

Our ability to fund our cash needs depends on the ongoing ability to generate cash from operations and obtain debt financing with competitive rates. We rely on access to capital markets as sources of liquidity for capital requirements not satisfied by cash flows from operations.

Our principal uses of cash are to fund our operations, working capital needs, capital expenditures, repayment of borrowings and strategic business development transactions.

On October 31, 2024, we entered into a five-year senior secured credit agreement (the "Credit Agreement"), whereby we have the capacity to incur indebtedness of up to $525.0 million, consisting of a $300.0 million term loan ("Term Loan"), in aggregate principal amount, and a $225.0 million revolving credit facility ("Revolving Credit Facility"). Letters of credit are available under the Credit Agreement in an aggregate amount of up to $50.0 million.

The Term Loan and the Revolving Credit Facility both bear interest at an annual rate equal to adjusted term Secured Overnight Financing Rate, defined in a customary manner ("Term SOFR") plus an applicable rate.

The Credit Agreement contains financial covenants requiring us to maintain a maximum consolidated total net leverage ratio of 3.00:1.00 and a minimum interest coverage ratio of 3.00:1.00, in each case, measured as of the last day of each fiscal quarter. The consolidated total net leverage ratio may be increased at our option to 3.50:1.00 in connection with certain qualifying material acquisitions. The covenants also include restrictions on the sale of certain assets, loans and investments.

The Term Loan requires quarterly amortization payments of 5.00% per annum of the original principal amount thereof. We repaid our required quarterly amortization payments totaling $7.5 million of the Term Loan during the six months ended June 30, 2025.

As of June 30, 2025 and December 31, 2024, we had $292.5 million and $300.0 million outstanding under the Term Loan, respectively, with $209.4 million of available capacity under the Revolving Credit Facility, net of $15.6 million of outstanding standby letters of credit.

In order to borrow under the debt instruments, we must be in compliance with the applicable covenants and certain other conditions, all of which we were in compliance with as of both June 30, 2025 and December 31, 2024. In the event we do not comply with the applicable covenants and other conditions, we would be in default on our agreements, and alternative sources of funding may need to be pursued. For additional information on our debt arrangements, refer to Note 6 – Debt in the unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report.

***Working Capital***

Working capital, defined as current assets minus current liabilities, was $474.7 million and $403.9 million as of June 30, 2025 and December 31, 2024, respectively. Our working capital requirements may increase when we commence multiple projects or particularly large projects because labor, subcontractor, inventory and certain other costs typically become payable before the receivables resulting from work performed are collected. Working capital may also increase when we incur costs for work that is the subject of unpaid retainage, change orders and claims. The typical payment billing terms are due within 30 days but may differ depending on contract terms. Retention on receivables can impact the cash collection cycle beyond expenses incurred. The timing of billings and project completions can contribute to changes in unbilled revenue. As of June 30, 2025, we expect that substantially all unbilled receivables will be billed to customers in the normal course of business within the next 12 months.

***Capital Expenditures***

Our cash capital expenditures for the six months ended June 30, 2025, were $31.6 million, or $26.0 million net of proceeds from asset disposals, compared to $16.5 million, or $11.1 million net of proceeds from asset disposals, for the six months ended June 30, 2024. Capital expenditures were primarily used for vehicle, equipment and building investments to support the growth of our business. For the six months ended June 30, 2025, capital expenditures were funded by internal sources and borrowings under our credit and financing arrangements. Whereas, for the six months ended June 30, 2024, capital expenditures were funded by internal sources and related-party borrowings from MDU Resources and Centennial.

We expect capital expenditures and commitments for equipment purchase, lease and rental arrangements to be necessary for the foreseeable future in order to meet anticipated demand for our services. We still expect gross capital expenditures for full-year 2025 to be in the range of $65.0 million to $70.0 million. Actual capital expenditures may increase or decrease depending upon business activity levels, as well as ongoing assessments of equipment leasing versus purchasing decisions based on short- and long-term equipment requirements. We continuously monitor our capital expenditures for project delays and changes in economic viability and adjust as necessary. We anticipate that the combination of cash on hand, cash flows from operations, credit facilities and issuances of debt and equity securities, if necessary, will provide sufficient funding to enable us to meet the need of future capital expenditures.

We also continue to evaluate the potential for future acquisitions and other growth opportunities that would be incremental to our capital program; however, they are dependent on the availability of opportunities and, as a result, capital expenditures may vary significantly from the estimated range provided.

***Cash Flows***

The following table summarizes our net cash provided by (used in) operating, investing and financing activities for the six months ended June 30, 2025 and 2024:

| Six months ended June 30, | 2025 | 2024 |
|---|---|---|
| | (In millions) | |
| Net cash provided by (used in): | | |
| Operating activities | $ 32.5 | $ 3.7 |
| Investing activities | (25.7) | (11.5) |
| Financing activities | (8.1) | 6.5 |
| Decrease in cash, cash equivalents and restricted cash | (1.3) | (1.3) |
| Cash, cash equivalents and restricted cash - beginning of period | 86.0 | 1.6 |
| Cash, cash equivalents and restricted cash - end of period | $ 84.7 | $ 0.3 |

**Operating Activities**

Cash provided by operating activities totaled $32.5 million for the six months ended June 30, 2025, compared to $3.7 million for the six months ended June 30, 2024, an increase of $28.8 million. The increase in cash provided by operating activities primarily related to higher net income, higher non-cash expenses and increased return on investment distributions from joint ventures. Changes in working capital remained relatively consistent from period to period with a use of cash of $73.5 million for the six months ended June 30, 2025, compared to a use of cash of $72.8 million for the six months ended June 30, 2024. The changes in working capital period over period were primarily related decreases in cash from changes in contract assets of $80.1 million, largely offset by increases in cash from changes in accounts payable, contract liabilities, net, accounts receivable and other current liabilities of $31.0 million, $20.4 million, $17.9 million and $9.5 million, respectively.

**Investing Activities**

Cash used in investing activities totaled $25.7 million for the six months ended June 30, 2025, compared to $11.5 million for the six months ended June 30, 2024, an increase of $14.2 million in cash used in investing. The increase in cash used in investing activities was primarily due to higher capital expenditures of $15.1 million and decreases in cash from changes in investments of $1.5 million, partially offset by proceeds from insurance contracts of $2.2 million in 2025.

**Financing Activities**

Cash used in financing activities totaled $8.1 million for the six months ended June 30, 2025, compared to cash provided by financing activities of $6.5 million for the six months ended June 30, 2024, a decrease in cash from financing activities of $14.6 million. The decrease in cash from financing activities was primarily the result of repayments of long-term debt under our Term Loan of $7.5 million and $0.6 million for tax withholding on stock-based compensation during the six months ended June 30, 2025, as well as net cash inflows of $31.9 million from the MDU Resources related-party cash management program during the six months ended June 30, 2024. Partially offsetting the increases in cash used in financing activities were cash outflows of $25.4 million for transfers to CEHI, LLC and MDU Resources during the six months ended June 30, 2024.

***Material Cash Requirements***

There were no material changes in our contractual obligations from those reported in our 2024 Annual Report. For more information on our contractual obligations, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Material Cash Requirements” in our 2024 Annual Report.

***Off-Balance Sheet Arrangements***

As is common in our industry, we have entered into certain off-balance sheet arrangements in the ordinary course of business that result in risks not directly reflected on our balance sheet. Our significant off-balance sheet transactions include surety guarantees, performance guarantees, letters of credit obligations and firm purchase commitments for maintenance items, materials and lease obligations.

Some of our customers require us to post performance bonds issued by a surety. Those bonds guarantee the customer that we will perform under the terms of a contract. In the event that we fail to perform under a contract, the customer may demand the surety to pay or perform under our bond. Surety bonds expire at various times ranging from final completion of a project to a period extending beyond contract completion in certain circumstances. Such amounts also can fluctuate from period to period based upon the mix and level of our bonded operating activity. Our relationship with our sureties is such that we will indemnify the sureties for any expenses they incur in connection with any of the bonds they issue on our behalf.

As of June 30, 2025 and December 31, 2024, we had approximately $1.89 billion and $2.05 billion, respectively, in surety bonds outstanding for projects. As of June 30, 2025 and December 31, 2024, $1.52 billion and $1.75 billion of bonding was posted for E&M, respectively, and $371.3 million and $296.3 million of bonding was posted for T&D, respectively. In addition, approximately $8.2 million of bonding was posted for Corporate and other as of both June 30, 2025 and December 31, 2024. These amounts were not reflected on the unaudited condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024. As of June 30, 2025 and December 31, 2024, the potential maximum payment amounts we would be required to make under the outstanding surety bonds were approximately $739.2 million and $717.0 million, respectively.

To date, we are not aware of any losses in connection with surety bonds that have been posted on our behalf, and we do not expect to incur significant losses in the foreseeable future. If we experience changes in our bonding relationships or if there are adverse changes in the surety industry, there would be no assurance that we would be able to effectuate alternatives to providing surety bonds to our customers or to obtain, on favorable terms, sufficient additional work that does not require surety bonds. Accordingly, a reduction in the availability of surety bonds could have a material adverse effect on our financial position, financial results and cash flows.

We also guarantee obligations of our subsidiaries under certain contracts. Generally, we are liable under such an arrangement only if our subsidiary fails to perform its obligations under the contract. As of June 30, 2025 and December 31, 2024, the fixed maximum amounts guaranteed under these agreements aggregated to $659.8 million and $542.7 million, respectively. Historically, we have not incurred any substantial liabilities as a consequence of these guarantees. However, in the event of default under these guarantee obligations, we would be required to make payments to satisfy our guarantees.

In addition to the above guarantees, there were $15.6 million of outstanding standby letters of credit for certain guarantees to third parties under our under our Revolving Credit Facility as of both June 30, 2025 and December 31, 2024. In the event we default under these letter-of-credit obligations, we would be obligated for reimbursement of payments made under the letters of credit.

Furthermore, we have issued guarantees to third parties related to the routine purchase of maintenance items, materials and lease obligations for which no fixed maximum amounts have been specified and these guarantees have no scheduled maturity date. These purchase commitments were not reflected on the unaudited condensed consolidated balance sheets and are not expected to impact future liquidity as amounts are anticipated to be included in customer billings. In the event we default under these obligations, we would be required to make payments to satisfy these guarantees.

We do not have any other material financial guarantees or off-balance sheet arrangements other than those disclosed herein. For more information on the circumstances regarding our guarantees and off-balance sheet arrangements, refer to Note 13 – Commitments and Contingencies in the unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report.

**Recently Issued Accounting Pronouncements**

For a discussion of recently issued accounting standards, see Note 2 – Basis of Presentation and Summary of Significant Accounting Policies in the unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report.

**Critical Accounting Estimates**

There have been no material changes in our critical accounting estimates from those that were disclosed in our 2024 Annual Report. For further information regarding our critical accounting estimates, please refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” included in our 2024 Annual Report.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes, commodity price risk and inflation. Information relating to quantitative and qualitative disclosures about these market risks is set forth below. For more information on our risk factors, including market risk factors, that could be materially harmful to our business, prospects, financial condition and/or financial results if they occur, please refer to “Item 1A. Risk Factors” in our 2024 Annual Report.

***Interest Rate Risk***

The primary objective of our investment activities is to maintain cash reserves to meet captive insurance obligations, employee compensation and benefit obligations, and contractual obligations. A mismatch between the duration of liabilities and the duration of investments could expose us to interest rate risk. If interest rates fluctuate, the value of assets may not adequately cover liabilities. And if our investments mature during a period of lower interest rates, we may face reinvestment risk and potentially earn less income on reinvested funds. We will continue to evaluate our investments in order to ensure that we continue to meet our overall objectives. We have a captive insurance arrangement in order to manage our casualty and operational risk.

We are exposed to interest rate volatility with regard to our long-term debt obligations, which bear interest at variable rates. As of June 30, 2025, we had $292.5 million outstanding under the Term Loan and no outstanding balance under the Revolving Credit Facility. Outstanding amounts, if any, for the Term Loan and Revolving Credit Facility both bear interest at Term SOFR plus an applicable rate exposing us to higher interest rate risk. As of June 30, 2025, the interest rate was 6.30% for the Term Loan. Therefore, a 1% increase to the variable interest rate would have increased the rate to 7.30% and increased our interest expense by approximately $2.9 million based on the expected balances outstanding for the Term Loan over the next 12 months as of June 30, 2025. Going forward, the level of our interest rate risk will depend on our utilization of the Revolving Credit Facility and the outstanding debt amount under the Term Loan and will be sensitive to changes in the general level of interest rates.

***Commodity Price and Inflation Risk***

Our operations are affected by fluctuations in commodity prices whether caused by inflation, imposed and proposed tariffs, or other economic factors. These fluctuations in commodity prices generally affect us by increasing transportation and construction costs due to higher fuel or material and/or supply prices including, but not limited to, prices for copper, aluminum, steel, electrical components and certain plastics.

In addition, the cost of labor may increase due to similar factors mentioned above, such as inflation or other economic factors. While we do not believe that these factors have had a material effect on our business, financial condition, or financial results for the periods included in our unaudited condensed consolidated financial statements, we continue to monitor the impact of such factors in order to minimize their effects through our pricing strategies, productivity improvements and cost reductions. If our costs were to become subject to significant economic and/or inflationary pressures, we may be unable to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and/or financial results.

**Item 4. Controls and Procedures.**

***Evaluation of Disclosure Controls and Procedures***

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and other procedures as of the end of the period covered by this report. Based upon that evaluation, the chief executive officer and the chief financial officer have concluded that, as of the end of the period covered by this report, such controls and procedures were effective at a reasonable assurance level.

***Changes in Internal Controls***

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II — OTHER INFORMATION

**Item 1. Legal Proceedings.**

SEC regulations require us to disclose certain information about proceedings arising under federal, state or local environmental provisions if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. Pursuant to SEC regulations, we have adopted a threshold of $1.0 million for purposes of determining whether disclosure of any such proceedings is required.

As of June 30, 2025, there were no material changes to the legal proceedings that were disclosed in the Company's 2024 Annual Report.

***Securities Class Action***

On April 4, 2025, a putative class action lawsuit titled *Scofield v. Everus Construction Group, Inc., et al.,* Case No. 1:25-cv-02835, was filed against the Company and certain officers in the United States District Court for the Southern District of New York. The Complaint was filed on behalf of a purported class consisting of all purchasers or acquirors of the Company's common stock between October 31, 2024, and February 11, 2025, including investors who held MDU Resources common stock as of October 21, 2024, and acquired the Company's common stock in connection with the Separation. The complaint alleged violations of Sections 10(b) and 20(a) of the Exchange Act, based on allegedly false and misleading statements related to the Company's backlog conversion cycle and its impact on the Company's business, operations, and prospects. The complaint sought unspecified damages, an award of costs and expenses, and other unspecified relief. On May 29, 2025, the Company announced the class action lawsuit had been voluntarily dismissed.

**Item 1A. Risk Factors.**

As of June 30, 2025, there were no material changes to the Company's risk factors that were previously disclosed in the Company's 2024 Annual Report. Please refer to the Company's 2024 Annual Report for the risk factors that could materially harm the Company's business, prospects, financial condition and/or financial results if they occur.

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

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

During the three months ended June 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits.**

| Exhibit Number | Exhibit Description | Filed Herewith | Furnished Herewith | Incorporated by Reference | | | |
|---|---|---|---|---|---|---|---|
| | | | | Form | Exhibit | Filing Date | File Number |
| 3.1 | Amended and Restated Certificate of Incorporation of Everus Construction Group, Inc. | | | 8-K | 3.1 | 11/1/24 | 001-42276 |
| 3.2 | Amended and Restated Bylaws of Everus Construction Group, Inc. | | | 8-K | 3.2 | 11/1/24 | 001-42276 |
| 10.1 | Everus Construction Group, Inc. Director Compensation Policy, as amended and restated on May 22, 2025.+ | X | | | | | |
| 10.2 | Everus Construction Group, Inc. Deferred Compensation Plan for Directors, as amended and restated on May 22, 2025.+ | X | | | | | |
| 10.3 | Form of Everus Construction Group, Inc. Annual Director Restricted Stock Unit Award Agreement under the Everus Construction Group, Inc. Long-Term Performance-Based Incentive Plan+ | X | | | | | |
| 31.1 | Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | X | | | | | |
| 31.2 | Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | X | | | | | |
| 32.1 | Certification of Chief Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | X | | | | |
| 32.2 | Certification of Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | X | | | | |
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | | | | | | |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | | | | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | | | | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | | | | |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | | | |

+ Management contract, 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.

Everus Construction Group, Inc.

Date: August 13, 2025

By: /s/ Maximillian J Marcy

Name: Maximillian J Marcy
Title: Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Jon B. Hunke

Name: Jon B. Hunke
Title: Vice President and Chief Accounting Officer
(Principal Accounting Officer)