# IEA

## 2017 ANNUAL REPORT

**Infrastructure and Energy Alternatives, Inc.**

**Letter to Stockholders**

November 2, 2018

To Our Fellow Stockholders:

We look forward to hosting our first annual meeting of stockholders as a publicly-traded company this coming December, a virtual stockholders meeting to be held at 9:00 AM EST on December 14, 2018. In connection with this meeting, today we filed our 2017 proxy statement. Our 2018 financial statements will be provided early next Spring on our fourth quarter earnings call, and we currently expect that our 2019 annual meeting of stockholders will be held in the second quarter of 2019.

2018 was a truly transformational year for IEA. In March, we began our journey as a publicly-traded company and listed on the NASDAQ. Through the significant development and diversification of our business, IEA now has over 2,600 employees and a fleet topping 4,000 pieces of equipment – eightfold from where we started the year. We also have licenses to operate across all 50 states and can offer full turnkey services to our longstanding base of blue-chip clients, including the largest utilities and renewable energy developers and class 1 rail customers. There has never been a more exciting time to be a part of IEA.

In less than a year, we built a scaled, highly diversified engineering and construction services platform with leadership in attractive and growing niche end markets. Throughout this transformational process, we remained dedicated to sustaining a high-performance, engaging work environment that reflects our long legacy of industry-leading performance. Our company's core values — people, clients, excellence, safety and integrity — are paramount to our continued success. As we expand and diversify our business, our employee-first culture and focus on delivering projects on budget and on time will remain intact.

IEA's core beliefs date back over 70 years to the founding of our predecessor, White Construction, a leader in heavy civil engineering that expanded into renewable energy construction in 2004. White Construction remains our unionized arm, while IEA Constructors performs similar services in non-unionized regions of the country. Since 2004, IEA has built on that legacy to become number-one for wind energy projects in the United States, garnering an approximtely 30% market share in the wind energy construction market. Over the past 14 years, our wind engineers have built more than 7,300 turbines generating 14 gigawatts out of a total 90 gigawatts of installed wind energy in the U.S. today. We have also completed over 200 utility-scale solar installations across the country representing over 700 megawatts of power.

We have now put in place the strong foundation needed to continue to grow and diversify our business. Our capital-allocation priorities continue to be of high importance as the company focuses on stockholder value, organic growth and additional M&A opportunities in the coming year.

Looking ahead, we believe that our broadened geographic footprint and expanded capabilities in the end markets we serve have created exciting growth potential for our business. Our strong free cash flow generation supports our long-term growth initiatives, enabling us to invest in additional strategic M&A while also de-levering our business by continuing to pay down debt on our balance sheet.

I want to thank M III Acquisition Corp. and Oaktree, along with our entire Board of Directors for all of your assistance and guidance this past year. I would also like to extend my gratitude to each of our clients, our employees, and especially our stockholders for your continued support, without which, IEA's success would not be possible.

Sincerely,

JP Roehm
President, Chief Executive Officer and Director

**IEA Services, LLC completed its business combination with M III Acquisition Corp., a special purpose acquisition company, on March 26, 2018 and the combined company changed its name to Infrastructure and Energy Alternatives, Inc. As a result, IEA Services, LLC, the Company's predecessor was not required to file an Annual Report on Form 10-K for the year ended December 31, 2017 but instead filed the information required by Form 10 on a Form 8-K on March 29, 2018 (the "Form 10 Information") following completion of the merger.**

**The following sections are reproduced from the Form 10 Information: "Description of the Company's Business," "Selected Historical Financial Data, " "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Audited Consolidated Financial Statements of IEA Services, LLC and its subsidiaries as of December 31, 2017 and 2016 and for each of the years ended December 31, 2017, December 31, 2016 and December 31, 2015," filed as Exhibits 99.1, 99.2, 99.3 and 99.4, respectively, to the Form 10 Information. "Change of the Company's Independent Registered Public Accounting Firm" is reproduced from Item 4.01 of the Form 10 Information and Item 4.01 of the Form 8-K filed by the Company on April 25, 2018.**

**Description of the Company's Business**

**Overview**

We are a leading U.S. provider of infrastructure solutions for the renewable energy, traditional power and civil infrastructure industries. Currently, we are primarily focused on the wind energy industry, where we specialize in providing a broad range of EPC services throughout the U.S. We are one of three Tier 1 providers in the wind energy industry and have completed more than 190 wind and solar projects in 35 states. The services we provide include the design, site development, construction, installation and restoration of infrastructure. As of December 31, 2017, we believe that we have the #1 U.S. market share among EPCs for wind. We believe we have the ability to continue to grow our wind energy industry business as the industry grows and that we are well-positioned to leverage our expertise and relationships to provide infrastructure solutions in other areas, including the solar energy industry, the traditional power generation industry and civil infrastructure industry.

We trace our roots back to the founding of White Construction in 1947. In the 70 years since, we have diversified our business and expanded our geographic footprint, both organically and through acquisition. Our historical roots are in civil infrastructure construction, and we continue to operate in that sector today. We have also expanded into the utility-scale solar energy construction space. We have completed more than 190 wind and solar projects, including more than 14 GW of wind energy generating capacity and more than 700 MW of utility-scale, solar generating capacity. We have a scalable workforce, with more than 2,000 peak employees. As of December 31, 2017, we had approximately 695 employees.

We intend to broaden our solar, power generation, and civil infrastructure capabilities and geographic presence and to expand the services we provide within our existing business areas. We expect that this growth will come through initiatives for organic growth and through acquisitions, as we deepen our capabilities and service offerings in our existing businesses, expand geographically, and enter new sectors that are synergistic with our existing capabilities and product offerings.

We believe that continuing demand for renewable energy production will help to drive organic growth over the coming years. Industry experts, including the U.S. Department of Energy (the "*DOE*"), are predicting significant growth in renewable energy production capacity over the coming decade. We believe this growth will be driven by macroeconomic factors (including increasing demand for renewable energy from corporations and consumers), broad upgrades to existing transmission infrastructure, increasing proliferation of smart grid technology and the maturation of technologies and services within the renewable energy industry, including increased turbine and photovoltaic efficiencies, a coordinated global supply chain and improved equipment maintenance and reliability. We believe that we have positioned ourselves to expand our market share in renewable energy production (particularly in utility-scale solar power) and have developed in-house capabilities that will provide us with an opportunity to enhance our margins by expanding our self-perform capabilities and, as a result, reduce our use of subcontractors.

We also expect to accelerate our growth through carefully selected acquisitions of companies with strong management teams and good reputations, with the goal of expanding our geographic or technical capabilities in our traditional businesses or opportunistically expanding into adjacent sectors. Our management team has existing relationships with a number of potential target companies and we believe that the reputation and track record of our experienced management team makes us an attractive partner for potential targets.

**Industry Trends**

Our industry is composed of national, regional and local companies in a range of industries, including renewable power generation, traditional power generation and the civil infrastructure industries. We believe the following industry trends will help to drive our growth and success over the coming years:

***Renewable Power Generation Opportunities***

In recent years, we have maintained a tight focus on construction of renewable power production capacity as renewable energy- particularly from wind and solar-have become widely accepted within the electric utility industry and have become cost-effective solutions for the creation of new generating capacity. We believe that this shift has occurred because federal and state government policies and subsidies have helped develop the renewable energy market to a level of scale and maturity that permits these technologies to now be cost-effective competitors to more traditional power generation technologies, including on an unsubsidized basis. Under many circumstances, wind and solar power production offer the lowest levelized cost of energy (i.e., the all-in cost of generating power, including construction and operating costs) of any technology. As a result, wind and solar power are among the leading sources of new power generation capacity in the U.S., and wind and utility-scale solar energy generation is projected to become even more cost-effective in coming years as technological improvements make wind turbines and photovoltaic cells (and other solar generating technologies) even more efficient.

Governmental policies focused on a clean environment and the desire to decrease U.S. dependence on foreign oil imports have created incentives historically for the development of renewable energy production capacity and have created demand for more domestic, environmentally sensitive electrical power production facilities, such as wind and solar collection farms. The federal government has offered tax credits for investments in renewable energy infrastructure and production of power from renewable sources. Other tax incentives available to the renewable energy industry include accelerated tax depreciation provisions, including bonus depreciation, for certain renewable energy generation assets, such as equipment using solar or wind energy. These incentives specify a five-year depreciable life for qualifying assets rather than the longer depreciable lives of many non-renewable energy assets. In addition to shorter depreciable lives, those assets qualifying for bonus depreciation benefit from significant allowable first-year depreciation.

In addition to federal policies that historically have favored power production from renewable sources, a number of states also have supported the expansion of renewable energy generating capacity. Currently, nearly 40 states, as well as the District of Columbia and four territories, have adopted renewable portfolio standards or goals. Similarly, we believe that many corporations and retail consumers are increasingly focused on obtaining energy from renewable sources and have become a significant driver of incremental demand for wind and solar energy production capacity.

In light of changes in federal government priorities and the cost-competitiveness of wind and solar power production, certain of the tax credits for production of renewable energy are phasing out. The Consolidated Appropriations Act of 2016 (“CAA”), which contains certain federal tax incentives applicable to the renewable energy industry, provided for the gradual elimination of certain of these incentives. Currently, the tax code provides that the production tax credit for wind projects (the “PTC”) applies to qualifying projects for which the construction commencement date was prior to January 1, 2020. The PTC was reduced by 20% for 2017, have been reduced by 40% for 2018, and finally will be reduced by 60% for 2019. Similarly, a phase down rate of the investment tax credit (the “ITC”), which is available in lieu of PTC, is available for wind projects: 30% ITC for projects commencing before 2017, 24% for projects commencing in 2017, 18% for projects commencing in 2018 and 12% for projects commencing in 2019. Solar projects, however, will be eligible for an investment tax credit (the “Solar ITC”) only. The Solar ITC is 30% for projects commencing prior to 2020 and will be reduced to 26% for projects commencing in 2020 and to 22% for projects commencing in 2021. After 2021, the Solar ITC will remain at 10% for projects that commence prior to 2022, but are placed in service after 2023.

Additionally, although the enactment of the 2017 Tax Act in December 2017 did not modify the existing production tax credit and investment tax credit incentive structures, a base erosion and anti-abuse tax, or “BEAT” provision, contained in the 2017 Tax Act imposes a minimum tax on certain corporations, and only 80% of the value of any such corporation’s production or investment tax credits can be applied as a reduction to such corporation’s BEAT liability. Accordingly, this BEAT provision could reduce the incentive for certain taxable investors to invest in tax equity financing arrangements and could materially reduce the value and availability such tax credits, grants and incentives for certain participants and financing sources in the wind and solar industry. The 2017 Tax Act permits the immediate expensing of certain capital expenditures between September 27, 2017 and January 1, 2023, but this new rule could be less valuable than a dollar-for-dollar investment tax credit or production tax credit, given the reduced corporate income tax rate of 21%. Any of the foregoing changes arising from the 2017 Tax Act, as well as other changes in law not mentioned herein, could adversely impact the demand for development of wind and solar energy generation facilities. See “*Tax reform legislation recently enacted by the U.S. Congress may reduce materially the value of production tax credits and investment tax credits under certain circumstances.*” for a discussion of the risks associated with these federal and state tax incentives.

Despite these reductions in tax incentives for the development and operation of renewable power generation capacity, the market for the development of utility-scale wind and solar power generation is expected to remain robust. The *Annual Energy Outlook 2018* published by the U.S. Department of Energy in February 2018 projected the addition of approximately 80 gigawatts of new utility- scale wind and solar capacity from 2018 to 2021, which we estimate will drive more than $19.4 billion of construction (or more than $4.0 billion per year). Although this demand is driven, in part, by accelerated, incremental investment in renewable power generation sources during the phase-out period for existing tax incentives, demand for renewable power construction-and particularly for utility- scale solar farms-is projected to remain strong thereafter.

***Heavy Civil and Infrastructure Construction***

Although heavy civil and infrastructure construction is only a small part of our business today and accounts for less than 5% of our revenue, our historical roots are in this sector and we have maintained a reputation for high quality work, dating back 70 years. Although state and federal funding for this industry has been neglected for decades, the near-term outlook on both state and federal levels has led us to believe that spending for infrastructure may experience significant growth over the next few years. Not only is state and federal funding likely to increase, but alternative methods of construction, such as public and private partnerships, have gained significant traction in the United States.

We are taking steps to enhance our heavy civil and public infrastructure construction business in order to take advantage of these growth opportunities. We believe that our business relationships with customers in this sector are strong and that the reputation in the marketplace that we have built over 70 years will provide us with the foundation to grow our revenue base in this business. There is significant overlap in labor, skills and equipment needs between our renewable energy construction business and our heavy civil and public infrastructure business, which will provide us with operating efficiencies as we expand in this sector. Our renewable energy experience also provides us with expertise in working in difficult conditions and environments, which we believe will provide us with a competitive advantage when bidding for more complicated-and often higher margin-civil and infrastructure projects.

***Electrical Power and High Voltage Opportunities***

The U.S. electrical transmission and distribution infrastructure requires significant ongoing maintenance, upgrade and expansion to manage power line congestion and avoid delivery failures. Regional shifts in population and industry may also create pockets of demand for increased transmission and distribution construction and upgrades. According to the DOE’s Annual Energy Outlook 2018 published in February 2018, approximately 190 gigawatts of new electricity generating capacity is expected to be added through 2050.

Renewable energy generation projects, which are typically located in remote areas, often require investment in new transmission lines to interconnect with the electrical grid. Although we have outsourced our high-voltage electrical needs historically, we implemented a program to upgrade our in-house capacity during 2017 and expect to gradually transition over 2018 to self-performing our high-voltage electrical work. We believe that this transition will afford us the opportunity to capture incremental margin on our projects and to provide enhanced service to our customers.

We believe that the same capabilities that we are building in order to self-perform high-voltage electrical work will enable us to capture incremental revenue by providing these services to others. With investment by utilities and transmission companies to modernize, secure and visually improve the existing transmission system expected to be strong over the coming years, we believe that our existing customer relationships and reputation will leave us well-positioned for growth in this sector.

**Competitive Strengths**

Our competitive strengths include:

***Reputation for High Quality, Reliable Customer Service and Technical Expertise.*** We are a national Tier 1 provider for wind energy infrastructure projects due to our established reputation for safe, high quality performance, reliable customer service and technical expertise. Because the construction and development of wind energy projects is very technically demanding, industry participants have increasingly emphasized safety, high quality performance and technical reliability. Our management estimates that construction costs represent only approximately 20% to 25% of total project cost, but construction-related risks pose the most significant threat to completion of the project. As a result, we believe that we have become the best-in-class provider to the wind industry. We have successfully completed over 190 wind and solar projects over the past approximately 10 years. Our reputation gives us an advantage when competing for new work, both from existing and potential customers.

***An Industry Leader in Safety Performance.*** Our industry-leading safety performance helps us enhance our reputation for high quality and reliability. Our management team strives to instill a corporate culture committed to health and safety. Our experience modification rate, a measure of our history and safety record as compared to other businesses in our industry, was 0.51 and our total recordable incident rate was 0.30 in 2017, both of which were significantly below the industry averages of 1.0 and 2.9, respectively, reported by the U.S. Department of Labor and U.S. Bureau of Labor Statistics

2016. In our experience, safety records are an important factor to customers in contracting for services and we believe that our exemplary safety record is a significant differentiator for us.

***Strong Relationships With Leading Wind Industry Players.*** Our business model has enabled us to hold a leading position in the wind industry by successfully winning key contracts and establishing strong relationships with many established developers and operators in the renewable energy sector, as well as with market leaders in the petrochemical, heavy civil and industrial construction industries. These relationships have provided us with a recurring base of blue-chip utility and other customers. We also have strong relationships with the leading original equipment manufacturers who produce the equipment for both solar and wind farms. In recent years, developers of wind and solar projects have come to emphasize reliability and excellence in execution, as well as a strong safety record, in selecting their EPC partners, and our track record and reputation has made us a provider of choice to those industry participants. We have completed wind projects with 12 of the 16 top U.S. developers or owners, who are collectively responsible for approximately 63% of the total U.S. megawatts of installed wind energy production capacity. Our longstanding relationships have enabled us to develop strong alliances with many of our customers and vendors in the wind sector and provide us with a strong base for our solar power expansion initiatives. We strive to further improve these relationships and enhance our status as a preferred vendor to our customers.

***Self-Perform Capabilities.*** We have made substantial investments in our self-perform capabilities and, as a result, are able to self-perform across a large portion of the services that we deliver. We continue to seek opportunities to expand our self-perform capabilities and expect to begin self- performing our high-voltage electrical work in 2018. Leveraging our technical expertise, project management experience and our highly skilled and stable work force, we are in a position to provide our customers with a compelling package of technical reliability, consistent execution and safety to our customers. In addition, our self-perform capabilities provide us with an opportunity to retain margin while better controlling scheduling of projects, potentially leading to greater operational efficiencies for us and enhanced reliability for our customers.

***Ability to Cross-Sell Our Product and Service Offerings.*** A majority of our wind customers also build utility-scale solar projects, and a number of them are in active discussions with us for solar projects.

By leveraging our established relationships with our customers, we have realized additional revenues by selling products and services that our customers historically purchased from various other providers. Since 2010, we have built over 700 installed megawatts of utility-scale solar, and we have a growing pipeline of utility-scale solar projects.

***Ability to Respond Quickly and Effectively.*** The skills required to serve each of our end-markets are similar, which allows us to utilize qualified personnel across multiple end-markets and projects. We are able to respond quickly and effectively to industry and technological changes, demand fluctuations and major weather events by allocating our employees, fleet and other assets as and where they are needed, enabling us to provide cost effective and timely services for our customers. Additionally, we have a track record of successfully recruiting and retaining skilled labor, despite industry shortages.

***Experienced Management Team.*** Our senior management team has over 175 years of combined experience and proven expertise in wind, utility-scale solar and other energy sectors, and a deep understanding of our customers and their requirements. Our senior management team plays a significant role in establishing and maintaining long-term relationships with our customers, supporting the growth of our business, integrating acquired businesses and managing the financial aspects of our operations.

**Strategy**

The key elements of our business strategy are as follows:

***Focus on Growth Opportunities.*** We intend to use our broad geographic presence, technical expertise, financial and operational resources, customer relationships and full range of services to capitalize on favorable industry trends and grow our business in the wind energy, solar energy, traditional power generation and civil infrastructure industries. We expect continued spending by key customers in many of the industries we currently serve, and we expect that spending to expand into the future. In particular, we expect to further develop our capabilities in the area of utility-scale wind and solar development and storage and to expand the amount of work we self-perform, rather than subcontract with respect to high voltage electrical work. In coming years, we expect civil, industrial and mechanical infrastructure and construction services to be growth areas and intend to expand our operations both organically and through potential acquisitions to position our company to be a high-quality provider of infrastructure solutions to meet those opportunities.

We believe we are well positioned to capture market opportunities associated with the anticipated growth of the renewable energy industry in the United States. We believe this growth will be driven by:

- macroeconomic factors, including an increase in overall energy prices and federal and state-level wind development incentives;
- broad upgrades to existing transmission infrastructure and increasing proliferation of smart grid technology; and
- the maturation of technologies and services within the renewable energy industry, including increased turbine and photovoltaic efficiencies, a coordinated global supply chain and improved equipment maintenance and reliability.

***Leverage Performance and Core Expertise Through Strategic Acquisitions and Arrangements.*** We expect to pursue selected and opportunistic acquisitions, investments and strategic arrangements that allow us to expand our operations into targeted geographic areas or continue to expand our service offerings in related fields. Having successfully developed our wind energy business to be a market leader, we plan to further grow our business by diversifying and expanding our service offerings, both organically and through acquisition.

***Maintain Operational Excellence.*** We will seek to improve our profit margins and cash flows by focusing on profitable services and projects that have high margin potential. We will also strive to identify opportunities to leverage our existing resources within our business, such as deploying resources across multiple customers and projects in order to enhance our operating effectiveness and utilization rates, while continuing to maintain strong working capital management practices. We expect to continue to pursue actions and programs designed to achieve these goals, such as increasing accountability throughout our organization, effectively managing customer contract bidding procedures, evaluating opportunities to improve our working capital cycle time through contractual provisions and certain financing arrangements, hiring and retaining experienced operating and financial professionals, and expanding and further integrating the use of our financial and other management information systems.

**Customers**

We have longstanding customer relationships with many established companies in the wind, solar, renewable energy, thermal power, petrochemical, civil and industrial power industries, with a recurring base of blue-chip utility customers, as well as original equipment manufacturers that produce the equipment for both solar and wind farms. We have completed wind projects with 12 of the 16 top U.S. developers or owners, which are collectively responsible for approximately 63% of U.S. megawatts installed capacity in wind.

Although we are not dependent upon any one customer in any year, a relatively small number of repeat customers constitute a substantial portion of our total revenues. Accordingly, our management is responsible for developing and maintaining existing relationships with customers to secure additional projects and increase revenue from our current customer base. We believe that our strategic relationships with customers will result in future opportunities. Our management is also focused on pursuing growth opportunities with prospective new customers.

For the year ended December 31, 2017, we had three customers who each accounted for at least 10% of our revenue and three customers who each accounted for at least 10% of our accounts receivable. For the year ended December 31, 2017, E.ON Climate & Renewables Inc., Enel Green Power North America, and EDF Renewable Energy accounted for 22%, 21% and 14% of our revenue, respectively. Trishe Wind Ohio, LLC, Enel Green Power North America and EDF Renewable energy accounted for 17%, 15% and 11% of our accounts receivable, respectively. For the years ended December 31, 2016 and 2015, we had three and three customers, respectively, who each accounted for at least 10% of our revenue, and we had three and two customers, respectively, who each accounted for at least 10% of our accounts receivable. For the year ended December 31, 2016, three of our customers, Enel Green Power North America, NextEra Energy and Algonquin Power, accounted for 17%, 11% and 11% of our revenue, respectively. Enel Green Power North America, NextEra Energy and Deerfield Wind Energy, LLC accounted for 36%, 13% and 12% of our accounts receivable, respectively, in 2016. For the year ended December 31, 2015, Apex and Canadian Solar Solutions, Inc. accounted for 25% and 43% of our revenue respectively, and E.ON Climate & Renewables Inc. and Northland Power accounted for 37% and 54% of our accounts receivable, respectively. See ''Risk Factors'' for a discussion of risks related to customer concentration.

Our work is generally performed pursuant to contracts for specific projects or jobs that require the construction or installation of an entire complex of specified units within an infrastructure system. Customers are billed monthly throughout the completion of work on a project; however, some contracts provide for additional billing upon the achievement of specific completion milestones, which may increase the billing period to more than one month. Such contracts may include retainage provisions under which, generally, from 5% to 10% of the contract price is withheld until the work has been completed and accepted by the customer. Because we may not be able to maintain our current revenue levels or our current level of capacity and resource utilization if we are not able to replace work from completed projects with new project work, we actively review our backlog of project work and take appropriate action to minimize such exposure.

We believe that our industry experience, technical expertise and reputation for customer service, as well as the relationships developed between our customers and our senior management and project management teams are important to our being retained by our customers. See Note 11-Commitments and Contingencies in the notes to IEA's audited consolidated financial statements, included elsewhere in this proxy statement for further discussion of our significant customer concentrations.

**Backlog**

For companies in the construction industry, backlog can be an indicator of future revenue streams. Estimated backlog represents the amount of revenue we expect to realize through 2020 from the uncompleted portions of existing construction contracts, including new contracts under which work has not begun and awarded contracts for which the definitive project documentation is being prepared, as well as revenue from change orders and renewal options. Estimated backlog for work under fixed price contracts and cost-reimbursable contracts is determined based on historical trends, anticipated seasonal impacts, experience from similar projects and estimates of customer demand based on communications with our customers. Cost-reimbursable contracts are included in backlog based on the estimated total contract price upon completion. We expect to realize approximately 55.3% of our estimated backlog during 2018 and 44.7% during 2019.

As of December 31, 2017, our total backlog was approximately $1.1 billion, representing an increase of $685.0 million, or 165.1%, from $415.0 million as of December 31, 2016. Based on historical trends in the Company's backlog, we believe awarded contracts to be firm and that the revenue for such contracts will be recognized over the life of the project. Timing of revenue for construction and installation projects included in our backlog can be subject to change as a result of customer delays, regulatory factors and/or other project-related factors. These changes could cause estimated revenue to be realized in periods later than originally expected, or not at all. In the past, we have occasionally experienced postponements, cancellations and reductions on construction projects, due to market volatility and regulatory factors. There can be no assurance as to our customers' requirements or the accuracy of our estimates. As a result, our backlog as of any particular date is an uncertain indicator of future revenue and earnings.

Backlog is not a term recognized under U.S. GAAP, although it is a common measurement used in our industry. Our methodology for determining backlog may not be comparable to the methodologies used by others. See "*Risk Factors*" for a discussion of the risks associated with our backlog.

**Safety and Insurance/Risk Management**

We strive to instill and enforce safe work habits in our employees, and we require that our employees participate in training programs relevant to their employment, including all those required by law. We evaluate employees in part based upon their safety records and the safety records of the employees they supervise. Our business units have established robust safety programs to encourage, monitor and improve compliance with safety procedures and regulations including, behavioral based safety, jobsite safety analysis, site-specific safety orientation, subcontractor orientation, site safety audits, accident and incident safety investigations, OSHA 30-hour and 10-hour training, drug and alcohol testing and regular trainings in fall protection, confined spaces, crane rigging and flagman, first aid, CPR and AED.

Our business involves the use of heavy equipment and exposure to potentially dangerous workplace conditions. While we are committed to operating safely and prudently, we are subject to claims by employees, customers and third parties for property damage and personal injuries that occur in connection with our work. We maintain insurance policies for worker's compensation, employer liability, automobile liability, general liability, inland marine property and equipment, professional and pollution liability, excess liability, and director and officers' liability. See Note 11-Commitments and Contingencies in the notes to IEA's audited consolidated financial statements, included in this Form 8-K on Exhibit 99.4.

**Suppliers, Materials and Working Capital**

Under many of our contracts, our customers provide the necessary materials and supplies for projects and we are responsible for the installation, but not the cost or warranty, of those materials. Under certain other projects, we purchase the necessary materials and supplies on behalf of our customers from third-party providers. We are not dependent upon any one vendor and have not experienced significant difficulty in obtaining project-related materials or supplies as and when required for the projects we manage.

We utilize independent contractors to assist on projects and to help manage our work flow. Our independent contractors typically provide their own vehicles, tools and insurance coverage. We need working capital to support seasonal variations in our business, such as the impact of weather conditions on external construction and maintenance work and the spending patterns of our customers, both of which influence the timing of associated spending to support related customer demand. See "*IEA Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

**Competition**

We compete with a number of companies in the markets in which we operate, ranging from small local independent companies to large national firms, and some of our customers employ their own personnel to perform infrastructure services of the type we provide. The national or large regional firms that compete with us include Blattner Energy, MA Mortenson Construction, and Wanzek Construction.

We are one of only three Tier 1 wind construction providers and the nature of our work is highly specialized. The primary factors influencing competition in our industry are price, reputation, quality and delivery, relevant expertise, adequate financial resources, geographic presence, high safety ratings and a proven track record of operational success. We believe that our national platform, track record of completion, relationships with vendors, strong safety record and access to skilled labor enables us to compete favorably in all of these factors. We also believe that our ability to provide unionized and non-unionized workforces across a national footprint allows us to compete for a broad range of projects. While we believe our customers consider a number of factors when selecting a service provider, they award most of their work through a bid process. We believe our safety record, experience and price are often principal factors in determining which service provider is selected.

**Seasonality and Cyclicality**

Our revenues and results of operations can be subject to seasonal and other variations. These variations are influenced by weather, customer spending patterns, bidding seasons, receipt of required regulatory approvals, permits and rights of way, project timing and schedules and holidays. See "*IEA Management's Discussion and Analysis of Financial Condition and Results of Operations-Impact of Seasonality, Cyclicality and Variability.*"

**Regulation and Environmental Matters**

We are subject to state and federal laws that apply to businesses generally, including laws and regulations related to labor relations, wages, worker safety and environmental protection. While many of our customers operate in regulated industries (for example, utilities regulated by the public service commission, we are not generally subject to such regulation and oversight.

As a contractor, our operations are subject to various laws, including:

- regulations related to vehicle registrations, including those of the states and the U.S. Department of Transportation;

- regulations related to worker safety and health, including those established by the Occupational Safety and Health Administration and state equivalents;

- contractor licensing, permitting and inspection requirements; and

- building and electrical codes.

We are also subject to numerous environmental laws, including the handling, transportation and disposal of non-hazardous and hazardous substances and wastes, as well as emissions and discharges into the environment, including discharges into air, surface water, groundwater and soil. We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment.

We believe we have all material licenses and permits needed to conduct operations and that we are in material compliance with applicable regulatory requirements. However, we could incur significant liabilities if we fail to comply with applicable regulatory requirements. See "*Risk Factors-We could incur substantial costs to comply with environmental, health, and safety laws and regulations and to address violations of liabilities under these requirements.*"

The potential impact of climate change on our operations is highly uncertain. Climate change may result in, among other things, changes in rainfall patterns, storm patterns and intensity and temperature levels. As discussed elsewhere in this proxy statement, our operating results are significantly influenced by weather and major changes in historical weather patterns could significantly impact our future operating results. For example, if climate change results in significantly more adverse weather conditions in a given period, we could experience reduced productivity, which could negatively impact revenues and gross margins.

**Employees**

IEA has a workforce of both union and non-union employees that allow us to work anywhere in the U.S. We have a scalable workforce, with more than 2,000 peak employees. As of December 31, 2017, we had approximately 695 employees, approximately 175 of whom were represented by unions or were subject to collective bargaining agreements. See Note 14-Employee Benefit Plans in the notes to IEA services' audited consolidated financial statements, included elsewhere on this Annual Report.

We hire employees from a number of sources, including our industry, trade schools, colleges and universities. We attract and retain employees by offering a competitive salary, benefits package, opportunities for advancement and an exemplary safety record.  We strive to offer a caring and stable work environment that enables our employees to improve their performance, and enhance their skills and knowledge. We believe that our corporate culture and core value system helps us to attract and retain employees. We provide opportunities for promotion and mobility within our organization, which we also believe helps us to retain our employees. Our employees participate in ongoing educational programs, some of which are internally developed, to enhance their technical and management skills through classroom and field training. We believe we have good employee relations.

**Selected Historical Financial Data**

The following table sets forth summary historical financial information for IEA as of and for the years ended December 31, 2017, 2016, 2015 and 2014. Such information for the years ended December 31, 2017, 2016 and 2015 have been derived from the audited consolidated financial statements of IEA, included elsewhere in this Annual Report. Such information as of and for the year ended December 31, 2014 have been derived from the unaudited consolidated financial statements of IEA.

Management has prepared the unaudited consolidated financial information set forth below on the same basis as IEA's audited consolidated financial statements and have included all adjustments, consisting of only normal recurring adjustments, that it considers necessary for a fair presentation of our financial position and operating results for such periods. IEA's historical results are not necessarily indicative of the results to be expected in any future period. The information below is only a summary and should be read in conjunction with "*IEA Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Information About IEA*" and in IEA's financial statements and the related notes, included elsewhere in this Annual Report.

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| (in thousands) | 2017 | 2016 | 2015 | 2014 |
| **Statement of Operations Data:** | | | | |
| Revenue | $ 454,949 | $ 602,665 | $ 204,640 | $ 286,254 |
| Cost of revenue | 388,928 | 517,419 | 184,850 | 268,559 |
| Gross profit | $ 66,021 | $ 85,246 | $ 19,790 | $ 17,695 |
| | | | | |
| Selling, general and administrative expenses(1) | 33,543 | 30,705 | 27,169 | 31,377 |
| Income (loss) from operations (2) | 32,478 | 54,541 | (8,907) | (15,343) |
| Other income (expense), net | (2,090) | (303) | 317 | (728) |
| | | | | |
| Net income (loss) from continuing operations | 16,525 | 64,451 | (8,696) | (10,205) |
| Net income (loss) from discontinued operations (3) | — | 1,087 | (19,487) | (76,636) |
| Net income (loss) | $ 16,525 | $ 65,538 | $ (28,183) | $ (86,841) |
| | | | | |
| **Cash Flow Data:** | | | | |
| Net cash provided by (used in) operating activities (4) | $ (9,109) | $ 53,591 | $ (5,617) | $ (55,928) |
| Net cash provided by (used in) investing activities | (3,508) | (3,000) | 352 | (1,000) |
| Net cash provided by (used in) financing activities | (4,113) | (29,617) | 8,541 | 39,405 |
| | | | | |
| **Balance Sheet Data:** | | | | |
| Cash and cash equivalents | $ 4,877 | $ 21,607 | $ — | $ — |
| Accounts receivable, net | 60,981 | 69,977 | 37,594 | 124,800 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 18,613 | 14,143 | 16,016 | 32,787 |
| Property, plant and equipment, net | 30,905 | 20,540 | 14,152 | 18,603 |
| Total assets | $ 126,703 | $ 147,716 | $ 74,363 | $ 194,637 |
| Accounts payable and accrued liabilities | 70,030 | 97,244 | 79,043 | 159,027 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 7,398 | 28,181 | 15,902 | 33,752 |
| Line of credit | 33,674 | — | 27,946 | 39,405 |
| Total liabilities | $ 136,722 | $ 134,841 | $ 150,207 | $ 242,944 |
| Total member's equity (deficit) | $ (10,019) | $ 12,875 | $ (75,844) | $ (48,307) |

(1) Selling, general and administrative expenses for the year ended December 31, 2017 includes $3,825 of costs associated with electrical and solar teams for which revenue is not anticipated prior to 2018. Includes payments made to Oaktree for guarantees provided by Oaktree on certain borrowings of IEA of $1,535, $2,340, $1,961 and $827 for each of the periods ended December 31, 2017, 2016, 2015 and 2014, respectively. Includes supplemental bonuses of $1,500 and $2,000 in the periods ended September 30, 2016 and fiscal 2016 related to IEA's successful completion of IEA's exit of its Canadian operations.

(2) Includes $1,528 and $1,661 in fiscal 2015 and 2014, respectively, related to restructuring costs associated with the abandonment of the Canadian solar operations of White Construction, Inc. and its wholly-owned subsidiary, H.B. White Canada Corp. ("H.B. White") and refocusing the business on the U.S. wind energy market. Restructuring expenses represented severance expense for employees who were terminated as a result of the abandonment of the Canadian solar operations of H.B. White.

(3) IEA made the decision to abandon its operations in Canada in 2014 and to refocus the business on the U.S. wind energy market. In early 2015, IEA began the process of finalizing all projects in Canada and reducing or eliminating all costs and expenses. IEA completely abandoned the Canadian solar operations of H.B. White and effectively completed all significant projects in Canada, and reduced or redeployed substantially all of its Canadian resources, facilities and equipment as of July 2016.

(4) Cash flow from operations can fluctuate from period to period based on the number of awarded projects in process. See "*IEA Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources*".

## IEA'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following management's discussion and analysis in conjunction with "Selected Historical Financial Information," "Unaudited Pro Forma Combined Financial Information" and the accompanying financial statements and related notes included elsewhere in this Current Report on Form 8-K. The discussion below includes forward-looking statements about IEA's business, operations and industry that are based on current expectations that are subject to uncertainties and unknown or changed circumstances. Our actual results may differ materially from these expectations as a result of many factors, including those risks and uncertainties described in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward Looking Statements." Throughout this section, unless otherwise noted, "we," "us," and "our" refer to IEA Services and its consolidated subsidiaries. Certain amounts in this section may not foot due to rounding.*

### Overview

We are a leading U.S. provider of infrastructure solutions for the renewable energy, traditional power and civil infrastructure industries. Currently, we are primarily focused on the wind energy industry, where we specialize in providing complete engineering, procurement and construction ("*EPC*") services throughout the U.S. We are one of three Tier 1 providers in the wind energy industry and have completed more than 190 wind and solar projects in 35 states. The services we provide include the design, site development, construction, installation and restoration of infrastructure. As of December 31, 2017, we believe that we have the #1 U.S. market share among EPCs for wind. We believe we have the ability to continue to grow our wind energy industry business as the industry grows and that we are well-positioned to leverage our expertise and relationships to provide infrastructure solutions in other areas, including the solar energy industry, the traditional power generation industry and civil infrastructure.

We intend to broaden our solar, power generation, and civil infrastructure capabilities and geographic presence and to expand the services we provide within our existing business areas. We expect that this growth will come through initiatives for organic growth and through acquisitions, as we deepen our capabilities and service offerings in our existing businesses, expand geographically, and enter new sectors that are synergistic with our existing capabilities and product offerings.

We believe that continuing demand for renewable energy production will help to drive organic growth over the coming years. Industry experts, including the U.S. Department of Energy, are predicting significant growth in renewable energy production capacity over the coming decade. We believe this growth will be driven by macroeconomic factors (including increasing demand for renewable energy from corporations and consumers), broad upgrades to existing transmission infrastructure, increasing proliferation of smart grid technology and the maturation of technologies and services within the renewable energy industry, including increased turbine and photovoltaic efficiencies, a coordinated global supply chain and improved equipment maintenance and reliability. We believe that we have positioned ourselves to expand our market share in renewable energy production (particularly in utility-scale solar power) and have developed in-house capabilities that will provide us with an opportunity to enhance our margins by expanding our self-perform capabilities and, as a result, reduce our use of subcontractors.

On March 26, 2018, the registrant consummated the previously announced business combination pursuant to that certain Agreement and Plan of Merger, as amended by Amendment No. 1 thereto, dated November 15, 2017, Amendment No. 2 thereto, dated December 27, 2017, Amendment No. 3 thereto, dated January 9, 2018, Amendment No. 4 thereto, dated February 7, 2018, and Amendment No. 5 thereto, dated March 9, 2018 (the "Merger Agreement"), by and among Infrastructure and Energy Alternatives, Inc. (f/k/a M III Acquisition Corp.), a Delaware corporation (the "registrant"), IEA Energy Services LLC, a Delaware limited liability company ("IEA Services"), Wind Merger Sub I, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Merger Sub I"), Wind Merger Sub II, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the registrant ("Merger Sub II"), Infrastructure and Energy Alternatives, LLC, a Delaware limited liability company ("Seller"), Oaktree Power Opportunities Fund III Delaware, L.P., a Delaware limited partnership ("Oaktree"), solely in its capacity as the Seller's representative and, solely for purposes of certain sections therein, M III Sponsor I LLC, a Delaware limited liability company, and M III Sponsor I LP, a Delaware limited partnership, which provided for, among other things, the merger of Merger Sub I with and into IEA Services with IEA Services surviving such merger and, immediately thereafter, merging with and into Merger Sub II with Merger Sub II surviving such merger as an indirect, wholly-owned subsidiary of the registrant and, the issuances in connection therewith of shares of the registrant's common stock, par value $0.0001 per share, and shares of the registrant's Series A preferred stock, par value $0.0001 per share (together with the other transactions contemplated by the Merger Agreement, the "Business Combination").

**Economic, Industry and Market Factors**

We closely monitor the effects that changes in economic and market conditions may have on our customers. General economic and market conditions can negatively affect demand for our customers' products and services, which can lead to reductions in our customers' capital and maintenance budgets in certain end-markets. In the face of increased pricing pressure, we strive to maintain our profit margins through productivity improvements and cost reduction programs. Other market, regulatory and industry factors could also affect demand for our services, such as:

- changes to our customers' capital spending plans;
- mergers and acquisitions among the customers we serve;
- access to capital for customers in the industries we serve;
- new or changing regulatory requirements or other governmental policy uncertainty;
- economic, market or political developments; and
- changes in technology, tax and other incentives.

While we actively monitor economic, industry and market factors that could affect our business, we cannot predict the effect that changes in such factors may have on our future results of operations, liquidity and cash flows, and we may be unable to fully mitigate, or benefit from, such changes.

**Impact of Seasonality and Cyclical Nature of Business**

Our revenue and results of operations are subject to seasonal and other variations. These variations are influenced by weather, customer spending patterns, bidding seasons, fiscal year-ends, project schedules and timing, in particular, for large non-recurring projects and holidays. Typically, our revenue is lowest in the first quarter of the year because cold, snowy or wet conditions experienced in the northern climates are not conducive to efficient or safe construction practices. Revenue in the second quarter is typically higher than in the first quarter, as some projects begin, but continued cold and wet weather and effects from thawing ground conditions can often impact second quarter productivity. The third and fourth quarters are typically the most productive quarters of the year, as a greater number of projects are underway, and weather is normally more accommodating to construction projects. In the fourth quarter, many projects tend to be completed by customers seeking to spend their capital budgets before the end of the year, which generally has a positive impact on our revenue. Nevertheless, the holiday season and inclement weather can cause delays, which can reduce revenue and increase costs on affected projects. Any quarter may be positively or negatively affected by adverse or unusual weather patterns, including from excessive rainfall, warm winter weather or natural catastrophes such as hurricanes or other severe weather, making it difficult to predict quarterly revenue and margin variations.

Our industry is also highly cyclical. Fluctuations in end-user demand within the industries we serve, or in the supply of services within those industries, can impact demand for our services. As a result, our business may be adversely affected by industry declines or by delays in new projects. Variations in project schedules or unanticipated changes in project schedules, in particular, in connection with large construction and installation projects, can create fluctuations in revenue, which may adversely affect us in a given period. In addition, revenue from master service agreements, while generally predictable, can be subject to volatility. The financial condition of our customers and their access to capital, variations in project margins, regional, national and global economic, political and market conditions, regulatory or environmental influences, and acquisitions, dispositions or strategic investments can also materially affect quarterly results. Accordingly, our operating results in any particular period may not be indicative of the results that can be expected for any other period.

**Understanding our Operating Results**

***Revenue***

We provide engineering, building, installation, maintenance and upgrade services to our customers. We derive revenue from projects performed under fixed price contracts and other service agreements for specific projects or jobs requiring the construction and installation of an entire infrastructure system or specified units within an entire infrastructure system. We recognize a significant portion of our revenue based on the percentage-of-completion method. See "—Critical Accounting Estimates—Revenue Recognition *for Percentage-of-Completion Projects*."

### *Cost of Revenue*

Cost of revenue, consists principally of: salaries, wages and employee benefits; subcontracted services; equipment rentals and repairs; fuel and other equipment expenses, including allocated depreciation and amortization expense; material costs, parts and supplies; insurance; and facilities expenses. Project profit is calculated by subtracting a project's cost of revenue, including project related depreciation, from project revenue. Project profitability and corresponding project margins will be reduced if actual costs to complete a project exceed our estimates on fixed price and installation/ construction service agreements. Estimated losses on contracts are recognized immediately when estimated costs to complete a project exceed the remaining revenue to be received over the remainder of the contract. Various factors, some controllable and some not, can impact our margins on a quarterly or annual basis, including:

- *Seasonality and Geographical Factors*. Seasonal patterns can have a significant impact on project margins. Generally, business is slower at the beginning of the year. Adverse or favorable weather conditions can impact project margins in a given period. For example, extended periods of rain or snowfall can negatively impact revenue and project margins as a result of reduced productivity from projects being delayed or temporarily halted. Conversely, in periods when weather remains dry and temperatures are accommodating, more work can be done, sometimes with less cost, which can favorably impact project margins. In addition, the mix of business conducted in different geographic areas can affect project margins due to the particular characteristics associated with the physical locations where the work is being performed, such as mountainous or rocky terrain versus open terrain. Site conditions, including unforeseen underground conditions, can also impact project margins.

- *Revenue Mix*. The mix of revenues derived from the industries we serve and the types of services we provide within an industry will impact margins, as certain industries and services provide higher margin opportunities. Additionally, changes in our customers' spending patterns in any of the industries we serve can cause an imbalance in supply and demand and, therefore, affect margins and mix of revenues by industry served.

- *Performance Risk*. Overall project margins may fluctuate due to work volume, project pricing and job productivity. Job productivity can be impacted by quality of the work crew and equipment, availability of skilled labor, environmental or regulatory factors, customer decisions and crew productivity. Crew productivity can be influenced by weather conditions and job terrain, such as whether project work is in a right of way that is open or one that is obstructed (either by physical obstructions or legal encumbrances).

- *Subcontracted Resources*. Our use of subcontracted resources in a given period is dependent upon activity levels and the amount and location of existing in-house resources and capacity. Project margins on subcontracted work can vary from project margins on self-perform work. As a result, changes in the mix of subcontracted resources versus self-perform work can impact our overall project margins.

### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses consist principally of compensation and benefit expenses, travel expenses and related costs for our finance, benefits and risk management, legal, facilities, information services and executive personnel. Selling, general and administrative expenses also include outside professional and accounting fees, expenses associated with information technology used in administration of the business and various forms of insurance.

### *Interest Expense, Net*

Interest expense, net, consists of contractual interest expense on outstanding debt obligations, amortization of deferred financing costs and other interest expense, including interest expense related to financing arrangements, with all such expenses net of interest income.

### *Restructuring Expense*

Restructuring expense consist of expenses associated with our decision to simplify the business in 2014 by focusing on our U.S.-based wind, solar and heavy civil operations. The costs are related to the restructuring expenses for employees who were terminated as a result of the abandonment of the Canadian solar operations of H.B. White.

### *Discontinued Operations*

Discontinued operations consist of expenses associated with the complete abandonment of our Canadian operations. We effectively completed all significant projects in Canada, and reduced or redeployed substantially all of our Canadian resources, facilities and equipment as of July 2016.

## Critical Accounting Estimates

This management's discussion and analysis of our financial condition and results of operations is based upon IEA's audited consolidated financial statements included in this Current Report on Form-8-K as Exhibit 99.4, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires the use of estimates and assumptions that affect the amounts reported in our consolidated financial statements and the accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Given that management estimates, by their nature, involve judgments regarding future uncertainties, actual results may differ from these estimates if conditions change or if certain key assumptions used in making these estimates ultimately prove to be inaccurate. For discussion of all of our significant accounting policies, see Note 2—Summary of Significant Accounting Policies in the notes to IEA's audited consolidated financial statements, included in this Current Report on Form 8-K as Exhibit 99.4.

We believe that the accounting policies described below are the most critical in the preparation of our consolidated financial statements, as they are important to the portrayal of our financial condition and require significant or complex judgment and estimates on the part of management.

### *Revenue Recognition for Percentage-of-Completion Projects*

Revenue from fixed price contracts provides for a fixed amount of revenue for the entire project, subject to certain additions for changed scope or specifications. We recognize revenue from these contracts, as well as for certain projects pursuant to master and other service agreements, using the percentage-of-completion method. Under this method, the percentage of revenue to be recognized for a given project is measured by the percentage of costs incurred to date on the contract to the total estimated costs for the contract. The estimation process for revenue recognized under the percentage-of-completion method is based on the professional knowledge and experience of our project managers, engineers and financial professionals. Our management reviews the estimates of contract revenue and costs on an ongoing basis. Changes in job performance, job conditions and management's assessment of expected settlements of disputes related to contract price adjustments are factors that influence estimates of total contract value and total costs to complete those contracts and, therefore, our profit recognition. Changes in these factors may result in revisions to costs and income, and their effects are recognized in the period in which the revisions are determined, which could materially affect our results of operations in the period in which such changes are recognized. Provisions for losses on uncompleted contracts are made in the period in which such losses are determined to be probable and the amount can be reasonably estimated. The substantial majority of fixed price contracts are completed within one year.

We may incur costs subject to change orders, whether approved or unapproved by the customer, and/or claims related to certain contracts. We determine the probability that such costs will be recovered based upon engineering studies and legal opinions, past practices with the customer, specific discussions, correspondence or preliminary negotiations with the customer. We treat project costs as a cost of contract performance in the period incurred if it is not probable that the costs will be recovered, or we defer the cost and/or recognize revenue up to the amount of the related cost if it is probable that the contract price will be adjusted and can be reliably estimated. We had change orders and/or claims that had been included as contract price adjustments on certain contracts that were in the process of being resolved in the normal course of business, including through negotiation, arbitration and other proceedings. These contract price adjustments, which are included within costs and earnings in excess of billings or billed accounts receivable, as appropriate, represent management's best estimate of contract revenue that has been or will be earned and that we believe is probable of collection. We actively engage in substantive meetings with these customers to complete the final approval process, and generally expect these processes to be completed within one year. The amounts ultimately realized upon final acceptance by our customers could be higher or lower than such estimated amounts.

### *Valuation of Goodwill and Intangible Assets*

We have goodwill and certain intangible assets that have been recorded in connection with our acquisitions of businesses. Goodwill and intangible assets are tested for impairment at least annually. We perform our annual impairment tests of goodwill and intangible assets during the fourth quarter of each year, and we monitor goodwill and intangible assets for potential impairment triggers on a quarterly basis. Under applicable guidance, any impairment charges are required to be recorded as operating expenses. We did not to record any goodwill with respect to the Business Combination because the transaction will be accounted for as a reverse recapitalization.

We performed a qualitative assessment for our goodwill and intangible assets by examining relevant events and circumstances that could influence their fair values, such as: macroeconomic conditions, industry and market conditions, entity-specific events, financial performance and other relevant factors or events that could affect earnings and cash flows.

We believe that the recorded balances of goodwill and intangible assets are recoverable; however, goodwill and intangible assets may be impaired in future periods. Significant changes in the assumptions or estimates used in our impairment analyses, such as a reduction in profitability and/or cash flows, could result in additional non-cash goodwill and intangible asset impairment charges and materially affect our operating results.

***Self-Insurance***

We are self-insured up to the amount of our deductible for our insurance policies. Liabilities under our insurance programs are accrued based upon our estimate of the ultimate liability for claims, with assistance from third-party actuaries. The determination of such claims and the related liability is reviewed and updated quarterly, but these insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability relative to other parties. Accruals are based upon known facts and historical trends. Although we believe such accruals are currently adequate, a change in experience or actuarial assumptions could materially affect our results of operations in a particular period.

***Litigation and Contingencies***

Accruals for litigation and contingencies are based on our assessment, including advice of legal counsel, of the expected outcome of litigation or other dispute resolution proceedings and/or the expected resolution of contingencies. Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount is reasonably estimable. As additional information becomes available, we reassess potential liabilities related to pending claims and litigation and may revise previous estimates, which could materially affect our results of operations in a given period.

**Business Strategy**

- *Continue to develop strong relationships with our wind and solar partners* — We believe that we have strong, long-term relationships with each of our partners and have historically worked together with them to meet their renewable energy needs. Historically, we have provided safe, reliable, and cost-efficient solutions for our partners. We remain focused on anticipating and continuing to assist our partners with their business strategies.

- *Continue to expand self-performing capabilities* — We intend to continue to evaluate specific job functions within the construction process to complete in-house. These functions include, but are not limited to electrical, mechanical, concrete and foundation and service road services. We believe expansion of our in-house performance capabilities will allow the Company to retain margin, while better controlling safety and scheduling of projects.

- *Continue to build our solar and civil, industrial & power market share* — We plan to expand the Company's footprint in the solar and civil, industrial & power markets by leveraging our years of experience coupled with our ability to cross-sell these services with our wind customers. There is tremendous growth in these two markets and we believe that our reputation in the industry will allow us to capitalize on future opportunities.

- *Continue to evaluate strategic mergers and acquisitions* — We are actively pursuing acquisition opportunities that would enhance the Company's ability to diversify its revenue base or enhance the market share of relevant areas of our business.

**Results of Operations**

This section includes a summary of our historical results of operations, followed by detailed comparisons of our results for the years ended December 31, 2017, 2016 and 2015. We have derived this data from our consolidated financial statements included in this Annual Report.

The following table reflects our consolidated results of operations in dollar and percentage of revenue terms for the periods indicated (dollar amounts in thousands).

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2015 | |
| Revenue | $ 454,949 | 100.0% | $ 602,665 | 100.0 % | $ 204,640 | 100.0 % |
| Cost of revenue | 388,928 | 85.5% | 517,419 | 85.9 % | 184,850 | 90.3 % |
| Gross profit | 66,021 | 14.5% | 85,246 | 14.1 % | 19,790 | 9.7 % |
| Selling, general and administrative expenses | 33,543 | 7.4% | 30,705 | 5.1 % | 27,169 | 13.3 % |
| Restructuring expense | — | —% | — | — % | 1,528 | 0.7 % |
| Income (loss) from operations | 32,478 | 7.1% | 54,541 | 9.0 % | (8,907) | (4.4)% |
| Interest expense, net | (2,201) | 0.5% | (516) | (0.1)% | (557) | (0.3)% |
| Other income | 111 | —% | 213 | — % | 874 | 0.4 % |
| Income (loss) from continuing operations before income taxes | 30,388 | 6.7% | 54,238 | 9.0 % | (8,590) | (4.2)% |
| Benefit (provision) for income taxes | (13,863) | 3.0% | 10,213 | 1.7 % | (106) | (0.1)% |
| Net income (loss) from continuing operations | 16,525 | 3.6% | 64,451 | 10.7 % | (8,696) | (4.2)% |
| Net income (loss) from discontinued operations | — | —% | 1,087 | 0.2 % | (19,487) | (9.5)% |
| Net income (loss) | $ 16,525 | 3.6% | $ 65,538 | 10.9 % | $ (28,183) | (13.8)% |

**Comparison of Years Ended December 31, 2017 and 2016**

***Revenue.*** For the year ended December 31, 2017, consolidated revenue decreased to $454.9 million from $602.7 million, a decrease of approximately $147.8 million, or 24.5%, as compared with the prior year. In 2016, a refocus on U.S. wind energy construction, as well as a pull forward of volume in anticipation of a decline in tax credits in 2017, resulted in higher revenue in 2016 and caused a slow-down in projects in 2017. Ultimately, the tax credits were extended in 2017, so we expect a favorable impact on the U.S. wind energy construction market in 2018, as project development activities conclude, and projects go into construction. In addition, revenue in the fourth quarter of 2017 was negatively impacted by uncertainty caused by the legislative process for enacting the 2017 Tax Act, which caused some participants in the renewable energy industry to delay new development projects until the ultimate terms of 2017 Tax Act could be evaluated. We estimate that approximately $28.0 million of revenue that would have been received in the fourth quarter of 2017 will instead be realized in 2018.

***Cost of revenue.*** Cost of revenue was $388.9 million, or 85.5% of revenue, for the year ended December 31, 2017, as compared to $517.4 million, or 85.9% of revenue, over the same period in 2016, for a decrease of approximately $128.5 million or 24.8%. The decrease in the dollar amount cost of revenue was primarily driven by decreased project activity. We were able to achieve a slight reduction in our cost of revenue percentage primarily through our continued focus on operating efficiency.

***Gross profit.*** Gross profit decreased by $19.2 million, or 22.6%, to $66.0 million for the year ended December 31, 2017, as compared to $85.2 million over the same period in 2016. The decrease in 2017 gross profit was due to decreased project activity relative to the prior year. A refocus on core U.S. operations and strengthened project controls in 2016 carried over to 2017 allowing us to maintain gross profit as a percentage of revenue of 14.5%, as compared to 14.1% in 2016.

***Selling, general and administrative expenses.*** Selling, general and administrative expenses were $33.5 million, or 7.4% of revenue for the year ended December 31, 2017, as compared to $30.7 million, or 5.1% of revenue over the same period in 2016, an increase of $2.8 million, or 9.1%. The increase in selling, general and administrative expenses was primarily driven by an increase to diversification selling, general and administrative expenses related to our recent initiatives to grow our solar and transmission businesses of $3.8 million as well as $3.8 million consulting fees and professional expenses, offset by a decrease in payments of employee incentives.

***Interest expense, net.*** Interest expense, net of interest income, was $2.2 million for the year ended December 31, 2017 as compared to $0.5 million for the same period in 2016. This increase was primarily driven by a significant increase in equipment financed under capital leases.

***Other income.*** Other income was $0.1 million for the year ended December 31, 2017, as compared to $0.2 million for the same period in 2016. The decrease in other income was primarily driven by lower gains on the sale of assets in the current year.

***Benefit (provision) for income taxes.*** Income tax provision was $13.9 million for the year ended December 31, 2017 as compared with a tax benefit of $10.2 million for the year ended December 31, 2016, an increase of approximately $24.1 million. The increase in provision for income taxes was primarily driven by the release of the valuation allowance during 2016.

***Net income (loss) from discontinued operations.*** Net loss from discontinued operations was $1.1 million for the year ended December 31, 2016 and related to the wind down of our Canadian operations that concluded in 2016.

**Comparison of Years Ended December 31, 2016 and 2015**

***Revenue.*** For the year ended December 31, 2016, consolidated revenue increased to $602.7 million from $204.6 million, an increase of approximately $398.0 million, or 194.5%, as compared with the prior year. In 2015, we completed our final project in Canada. With the wind-down of Canadian operations and favorable market conditions in the U.S. wind energy market, we refocused the business on the U.S. wind energy construction market, and in addition, there was a pull-forward in volume in 2016 in anticipation of a decline in tax credits in 2017. As a result, our revenue increased significantly in 2016.

***Cost of revenue.*** Cost of revenue was $517.4 million, or 85.9% of revenue, for the year ended December 31, 2016, as compared to $184.9 million, or 90.3% of revenue, over the same period in 2015, for an increase of approximately $332.6 million or 179.9%. The increase in the dollar amount cost of revenue was primarily driven by increased project activity. The decrease in the cost of revenue percentage was primarily due to our continued focus on improving efficiency within our operations.

***Gross profit.*** Gross profit increased by $65.5 million, or 330.8%, to $85.2 million for the year ended December 31, 2016, as compared to $19.8 million over the same period in 2015. The increase in gross profit was due to improved efficiency and profitability in our execution of projects, coupled with an increased margin profile based on tighter project controls and a refocus on core U.S. operations implemented by the new management team.

***Selling, general and administrative expenses.*** Selling, general and administrative expenses were $30.7 million, or 5.1% of revenue for the year ended December 31, 2016, as compared to $27.2 million, or 13.3% of revenue over the same period in 2015, an increase of approximately $3.5 million, or 12.9%. The increase in the dollar amount selling, general and administrative expense was primarily driven by an increase to employee incentives and benefits related to significantly more wind energy projects in the U.S. The decrease in selling, general and administrative expenses as a percentage of revenue was primarily due to our continued cost containment and efficiency efforts.

***Restructuring expenses.*** Restructuring expenses were $1.5 million for the year ended December 31, 2015, related to expenses for simplifying the business strategy from 2014 to 2016.

***Interest expense, net.*** Interest expense, net of interest income, was $0.5 million for the year ended December 31, 2016 as compared to $0.6 million for the same period in 2015.

***Other income.*** Other income was $0.2 million for the year ended December 31, 2016, as compared to $0.9 million for the same period in 2015. The decrease in other income was primarily driven by lower gains on the sale of assets in the current year.

***Benefit (provision) for income taxes.*** Income tax benefit was $10.2 million for the year ended December 31, 2016 as compared with a tax provision of $0.1 million in 2015, a decrease of approximately $10.3 million. This decrease in provision for income taxes was primarily driven by the increase in tax provision of $18.7 million caused by positive taxable earnings, $1.9 million related to state taxes, $0.4 of other minor adjustments, and offset by a $31.1 million release of the valuation allowance at the end of December 31, 2016.

***Net income (loss) from discontinued operations.*** Income from discontinued operations was $1.1 million for the year ended December 31, 2016 as compared to loss from discontinued operations of $19.5 million for the same period in 2015. We started reducing our Canadian operations in 2014, and the change was primarily related to the wind down of operations from 2016 compared to 2015.

**Non-U.S. GAAP Financial Measures**

We define EBITDA from continuing operations as net income (loss) from continuing operations, determined in accordance with GAAP, for the period presented, before depreciation and amortization, interest expense and provision (benefit) for income taxes. We define Adjusted EBITDA as net income (loss) from continuing operations plus depreciation and amortization, interest expense, provision (benefit) for income taxes, restructuring expenses, acquisition or disposition related expenses, non-cash stock compensation expense, and certain other non-cash charges, unusual, non-operating or non- recurring items and other items that we believe are not representative of our core business or future operating performance.

Adjusted EBITDA is a supplemental non-GAAP financial measure and, when considered along with other performance measures, is a useful measure as it reflects certain drivers of the business, such as revenue growth and operating costs. We believe Adjusted EBITDA can be useful in providing an understanding of the underlying operating results and trends and an enhanced overall understanding of our financial performance and prospects for the future. While Adjusted EBITDA is not a recognized measure under GAAP, management uses this financial measure to evaluate and forecast business performance. Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income as it does not take into account certain requirements, such as capital expenditures and related depreciation, principal and interest payments, and tax payments. Adjusted EBITDA is not a presentation made in accordance with GAAP, and our use of the term Adjusted EBITDA may vary from the use of similarly-titled measures by others in our industry due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation.

The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. You should read this discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and the related notes thereto also included within.

The following table outlines the reconciliation from net income (loss) to Adjusted EBITDA for the periods indicated:

| | For the year ended December 31, | | |
|---|---|---|---|
| (in thousands) | 2017 | 2016 | 2015 |
| Net income (loss) | $ 16,525 | $ 65,538 | $ (28,183) |
| Net loss (income) from discontinued operations | — | (1,087) | 19,487 |
| Net income (loss) from continuing operations | $ 16,525 | $ 64,451 | $ (8,696) |
| Interest expense, net | 2,201 | 516 | 557 |
| Provision (benefit) for income taxes | 13,863 | (10,213) | 106 |
| Depreciation and amortization | 5,044 | 3,433 | 3,446 |
| EBITDA - Continuing Operations | $ 37,633 | $ 58,187 | $ (4,587) |
| Restructuring expense(1) | — | — | 1,528 |
| Diversification SG&A(2) | 3,825 | — | — |
| Credit support fee(3) | 1,535 | 2,340 | 1,961 |
| Canadian wind-down bonus expense(4) | — | 2,000 | — |
| Consulting fees & expense(5) | 4,799 | 1,015 | 752 |
| Non-cash stock compensation expenses(6) | 53 | 161 | 93 |
| Sale costs(7) | — | — | 25 |
| Full year impact of 2017 capital leasing program(8) | 4,700 | — | — |
| Adjusted EBITDA | $ 52,545 | $ 63,703 | $ (228) |

(1) Restructuring expenses—represent severance expense for employees who were terminated as a result of the abandonment of IEA's Canadian solar operations.

(2) Diversification selling, general and administrative—reflects the costs, including recruiting, compensation and benefits for additional personnel, associated with IEA beginning to expand into electrical transmission work and corresponding services, which were historically subcontracted to third parties, U.S. utility scale solar, and heavy civil infrastructure. These costs currently do not have corresponding revenue, but management anticipates revenue in fiscal 2018.

(3) Credit support fees—reflect payments to Oaktree for its guarantee of certain borrowings, which guarantees are not expected to continue post-combination.

(4) Canadian wind-down bonus expense—reflects an adjustment for bonus payments to our executive leadership team made in fiscal 2016 as a result of the successful wind down of IEA's Canadian solar operations.

(5) Consulting fees and expenses—in 2015 and 2016, represents consulting fees and expenses related to the wind down of IEA's Canadian operations and, in 2017, represents consulting and professional fees and expenses in connection with the proposed Business Combination.

(6) Non-cash stock compensation expenses—represents non-cash stock compensation expense.

(7) Sale costs—removal of the third-party expense related to a potential sale of IEA.

(8) Full year impact of 2017 capital leasing program—reflects the annualization of the EBITDA effects of the capital leasing program for cranes and yellow iron, which was implemented during 2017, consisting of (i) a $1.7 million positive adjustment due to the elimination of cost of goods sold attributable to operating lease payments, (ii) $1.6 million in reduction in cost of goods due to estimated operational efficiencies resulting from the program, and (iii) $1.4 million, representing a pro rata portion of the estimated gain due to estimated future residual value exceeding depreciated carrying value on the sale of the leased assets following the 48 month term of the lease.

**Liquidity and Capital Resources**

Our primary sources of liquidity are cash flows from operations, our cash balances and the new credit facility we entered into to replace our old credit facility as described below under "—New Credit Facility". Our primary liquidity needs are for working capital, income taxes, capital expenditures, insurance collateral in the form of cash and letters of credit, cost and equity investee funding requirements and debt service. We also evaluate opportunities for strategic acquisitions and investments from time to time, which may require our use of cash.

We anticipate that funds generated from operations, borrowings from the new credit facility and cash flow from operations will be sufficient to meet our working capital requirements, required income tax payments, debt service obligations, anticipated capital expenditures, cost and equity investee funding requirements, insurance collateral requirements, earn-out obligations, and letter of credit needs for at least the next twelve months.

***Capital Expenditures***

For the year ended December 31, 2017, we incurred approximately $18.3 million of equipment purchases under capital lease and other financing arrangements. We estimate that we will spend approximately two percent of revenue for capital expenditures for 2018 and 2019. Actual capital expenditures may increase or decrease in the future depending upon business activity levels, as well as ongoing assessments of equipment lease versus buy decisions based on short and long-term equipment requirements.

***Working Capital***

We require working capital to support seasonal variations in our business, primarily due to the effect of weather conditions on external construction and maintenance work and the spending patterns of our customers, both of which influence the timing of associated spending to support related customer demand. Our business is typically slower in the first quarter of each calendar year. Working capital needs are generally lower during the spring when projects are awarded, and we receive down payments from customers. Conversely, working capital needs generally increase during the summer or fall months due to increased demand for our services when favorable weather conditions exist in many of the regions in which we operate. Conversely, working capital needs are typically lower and working capital is converted to cash during the winter months. These seasonal trends, however, can be offset by changes in the timing of projects, which can be affected by project delays or accelerations and/or other factors that may affect customer spending.

Generally, we receive 5% to 10% cash payments from our customers upon the inception of the projects. Timing of billing milestones and project close-outs can contribute to changes in unbilled revenue. As of December 31, 2017, substantially all of our costs in excess of billings and earnings will be billed to customers in the normal course of business within the next twelve months. Accounts receivable balances, which consist of contract billings as well as costs and earnings in excess of billings and retainage, decreased to $79.6 million as of December 31, 2017 from $84.1 million as of December 31, 2016, due primarily to lower levels of revenue, timing of project activity, and collection of billings to customers.

Our billing terms are generally net 30 days, and some of our contracts allow our customers to retain a portion of the contract amount (generally, from 5% to 10%) until the job is completed. As part of our ongoing working capital management practices, we evaluate opportunities to improve our working capital cycle time through contractual provisions and certain financing arrangements. Our agreements with subcontractors often contain a "pay-if-paid" provision, whereby our payments to subcontractors are made only after we are paid by our customers.

***Sources and Uses of Cash***

Sources and uses of cash are summarized below (in thousands):

| | For the years ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2017** | **2016** | **2015** |
| Net cash (used) provided by operating activities | (9,109) | 53,591 | (5,617) |
| Net cash (used) provided in investing activities | (3,508) | (3,000) | 352 |
| Net cash (used) provided by financing activities | (4,113) | (29,617) | 8,541 |

***Year Ended December 31, 2017 and 2016***

*Operating Activities.* Net cash used in operating activities for the year ended December 31, 2017 was ($9.1) million, as compared to net cash provided by operating activities of $53.6 million over the same period in 2016. The decrease of cash flow from operations in the year ended 2017 was driven by lower operating income from continuing operations of $22.1 million and a reduction of $48.0 million of accounts payable, and billings in excess of costs and estimated earnings on uncompleted contracts, offset by $8.9 million of a decrease in accounts receivable. This was due to a decrease in overall wind energy construction in the U.S. in 2017 and decreased project activity.

*Investing Activities.* Net cash used in investing activities increased by $0.5 million to ($3.5) million in the year ended December 31, 2017 from ($3.0) million over the same period in 2016. The primary driver for the increase in cash used in investing activities is related to company owned life insurance.

*Financing Activities.* Net cash used in financing activities for the year ended December 31, 2017 was $(4.1) million, as compared to $(29.6) million of cash used in financing activities for the same period in 2016, for a decrease in net cash used in financing activities of approximately $25.5 million. The primary decrease in cash used in financing activities is related to $33.7 million of proceeds received from the line of credit in the current year compared to $27.9 million of repayments in the prior year, offset by $34.7 million of distributions to parent and increased payments on capital lease obligations for equipment.

***Years Ended December 31, 2016 and 2015***

*Operating Activities.* Net cash provided by operating activities for the year ended December 31, 2016 was $53.6 million, as compared with cash used in operating activities of ($5.6) million over the same period in 2015. The increase of $59.2 million of net cash provided by operating activities in the year ended 2016 was primarily related to an increase in net income of $93.7 million over the same period, offset by a reduction in accounts receivable related to increased project construction, with a corresponding increase in accounts payable and accrued liabilities for related materials purchased for these projects.

*Investing Activities.* Net cash used in investing activities increased by $3.4 million to ($3.0) million in the years ended December 31, 2016 from cash provided from investing activities of $0.4 million over the same period in 2016. The increase for cash used in 2016 was primarily related to $2.8 million of assets purchased compared to $0.6 million in the prior year, coupled with a decrease of $0.9 million of proceeds collected for the year ended December 31, 2016 compared to December 31, 2015.

*Financing Activities.* Net cash used in financing activities for the year ended December 31, 2016 was ($29.6) million, as compared to cash provided by financing activities of $8.5 million for the same period in 2015, for an increase in net cash used in financing activities of approximately $38.1 million. The increase in cash used in financing activities is primarily related to repayments of borrowings made on the old credit facility of $27.9 million for year ended 2016 compared to $11.4 million in 2015. This was coupled with a reduction of borrowings of $20.0 million of subordinated debt for year ended 2015.

*Old Credit Facility*

IEA, Seller and certain of their subsidiaries are co-borrowers under the old credit facility with Wells Fargo Bank, National Association, which was amended on January 20, 2017, with a maturity date of December 31, 2018. The old credit facility allows for aggregate revolving borrowings of up to $55.0 million, including letters of credit up to $15.0 million through December 31, 2018. As of December 31, 2017, IEA had $33.7 million outstanding under the old credit facility and $5.9 million of outstanding letters of credit. Interest on outstanding borrowings under the old credit facility was based on the prime rate. The borrowing rate under the old credit facility was 4.50% as of December 31, 2017. The interest rate on outstanding letters of credit was 2% per annum.

The old credit facility also has an unused commitment fee of 0.35% per annum. For the year ended December 31, 2017, interest expense under the old credit facility was $0.5 million. The old credit facility was fully guaranteed by Oaktree Power Opportunities Fund III, L.P. and Oaktree Power Opportunities Fund III (Parallel), L.P. and was secured by substantially all of the assets of Seller and its subsidiaries. IEA was in compliance with all required financial covenants as of December 31, 2017.

In connection with the Closing of the Business Combination, all outstanding indebtedness, if any, under the old credit facility was repaid or refinanced under the new credit facility described below under "—*New Credit Facility*" and the old credit facility was terminated.

*New Credit Facility*

At Closing, Merger Sub I, as initial borrower, IEA Services, as borrower, and its subsidiaries entered into the new credit facility with Bank of America, N.A., as administrative and collateral agent, and a syndicate of commercial lenders from time to time party thereto. IEA Intermediate Holdco, LLC, a recently formed intermediate holding company wholly owned by the post-combination company ("Holdings"), owns 100% of IEA Services and is also party to the new credit facility as a guarantor thereunder. The new credit facility initially provides for aggregate revolving borrowings of up to $50.0 million and a $50.0 million delayed-draw term loan facility, each maturing on the third anniversary of the Closing Date. The term loan may be drawn down for a period of two years following the Closing Date (in not more than four drawdowns) and matures three years following the Closing Date. Each draw under the term loan facility will be subject to quarterly amortization of principal, commencing on the last day of the first fiscal quarter ending after such draw, in an amount equal to 3.5% of the initial amount of such draw (the "Scheduled Amortization").

In addition to the Scheduled Amortization, and subject to exceptions and baskets, (a) 100% of all net cash proceeds, subject to reinvestment rights, from (i) sales of property and assets of Holdings and its subsidiaries (excluding sales of inventory and equipment in the ordinary course of business and other exceptions set forth in the loan documentation) and (ii) any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of Holdings and its subsidiaries and (b) 100% of all net cash proceeds from the issuance or incurrence of additional debt for borrowed money of Holdings and its subsidiaries not otherwise permitted under the loan documentation, are required to be applied to the prepayment of the new credit facilities in the following manner: first, to the term loan facility and, second, to the revolving credit facility (without a reduction of the commitments under the credit facilities).

With respect to any draw of the term loan facility, after giving effect to such draw on a pro forma basis: (i) the Consolidated Leverage Ratio (defined below under "Debt Covenants") must not exceed the amount that is 0.25:1.0 lower than the maximum Consolidated Leverage Ratio permitted in the definitive documentation for the new credit facility and (ii) IEA Services must have liquidity (defined as unrestricted cash and revolver availability) of at least $20.0 million.

On the Closing Date, $19.0 million was drawn under the revolving credit facility to refinance existing indebtedness (including replacing or backstopping existing letters of credit), pay transaction expenses and working capital overage. After the Closing Date, the revolving credit facility may be used for working capital, capital expenditures and other lawful corporate purposes. Obligations under the new credit facility are guaranteed by Holdings and each existing and future, direct and indirect wholly owned material domestic subsidiary of Holdings other than IEA Services (together with IEA Services, the "Credit Parties"), and are secured by all of the present and future assets of the Credit Parties, subject to customary carve-outs. Interest on the new credit facility will accrue at an interest rate of (x) LIBOR plus a margin of 3.00% or (y) an alternate base rate plus a margin of 2.00%.

We may from time to time after the Closing Date add one or more tranches of term loans to the credit facility (each an

“Incremental Term Loan Facility”) and/or increase the aggregate commitments under the revolving credit facility (a “Revolving *Credit Facility Increase*” and collectively with each Incremental Term Loan Facility, an “Incremental Facility”) with consent required only from those Lenders that participate in such Incremental Facility; provided that, among other things, the aggregate principal amount of all Incremental Facilities may not exceed $25.0 million. No existing lender shall be under any obligation to provide any commitment to an Incremental Facility, and any such decision whether to provide a commitment to an Incremental Facility shall be in such Lender’s sole and absolute discretion.

*Debt Covenants*

We were in compliance with the provisions and covenants contained in our outstanding debt instruments as of December 31, 2017.

Under the new credit facility, we are subject to affirmative and negative covenants. Our financial covenants include (i) a Maximum Consolidated Leverage Ratio (defined as total funded debt / EBITDA), which may not exceed 3.00:1.0, and (ii) a Minimum EBITDA requirement of at least $35.0 million as of the end of each of our four fiscal quarter periods. Each of the covenants referred to above will be calculated on a consolidated basis for each consecutive four fiscal quarter period, commencing with the first full fiscal quarter following the Closing Date.

In addition, Holdings and its subsidiaries are subject to affirmative covenants requiring (i) delivery of financial statements, budgets and forecasts; (ii) delivery of certificates and other information; (iii) delivery of notices (of any default, material adverse condition, ERISA event, material change in accounting or financial reporting practices); (iv) payment of tax obligations; (v) preservation of existence; (vi) maintenance of properties; (vii) maintenance of insurance; (viii) compliance with laws; (ix) maintenance of books and records; (x) inspection rights; (xi) use of proceeds; (xii) covenants to guarantee obligations and give security; (xiii) compliance with environmental laws; and (xiv) further assurances.

Holdings and its subsidiaries are subject to negative covenants including restrictions (subject to certain exceptions) on (i) liens; (ii) indebtedness, (including guarantees and other contingent obligations) (provided that the loan documents will permit, among other items, indebtedness under the Incremental Facility); (iii) investments (including loans, advances and acquisitions); (iv) mergers and other fundamental changes; (v) sales and other dispositions of property or assets; (vi) payments of dividends and other distributions and share repurchases (provided, that the loan documents shall permit) (x) distributions to Holdings or any of its subsidiaries, (y) tax distributions and (z) certain other distributions by Holdings (including distributions for customary public company expenses and distributions for payments on preferred equity of the post-combination company subject to terms and conditions set forth in the loan documentation); (vii) changes in the nature of the business; (viii) transactions with affiliates; (ix) burdensome agreements; (x) use of proceeds; (xi) capital expenditures, provided that (A) unfinanced capital expenditures will be permitted in an aggregate amount up to $20.0 million per annum and (B) unlimited financed capital expenditures, subject to pro forma compliance with the Company’s financial covenants; (xii) amendments of organizational documents; (xiii) changes in accounting policies, reporting practices, fiscal year, legal name, state of formation or form of entity; (xiv) sale and lease-back transactions; (xv) payment of credit support, advisory and similar fees to affiliates; (xvi) ownership of subsidiaries; (xvii) sanctions and (xviii) use of proceeds in violation of anti-corruption laws.

**Contractual Obligations**

The following table sets forth our contractual obligations and commitments for the periods indicated as of December 31, 2017 on a pro forma basis giving effect to the replacement of our old credit facility outstanding as of the Closing of the Business Combination.

| | Payments due by period | | | | |
|---|---|---|---|---|---|
| **(in thousands)** | **Total** | **Less than 1 year** | **1 to 3 years** | **3 to 5 years** | **More than 5 years** |
| Capital leases (1) | 23,689 | 6,874 | 16,815 | — | — |
| Operating leases (2) | 16,277 | 1,683 | 2,941 | 2,015 | 9,638 |
| Line of credit (3) | 43,000 | — | 43,000 | — | — |
| Total | $ 82,966 | $ 8,557 | $ 62,756 | $ 2,015 | $ 9,638 |

(1) IEA has obligations, exclusive of associated interest, under various capital leases for equipment totaling $20.6 million at December 31, 2017. The gross property under these capitalized lease agreement at December 31, 2017, amounted to a net total of $24.2 million.

(2) IEA leases real estate, vehicles, office equipment, and certain construction equipment from unrelated parties under noncancelable leases. Lease terms range from month-to-month to terms expiring through 2038.

(3) IEA entered into the new credit facility upon the Closing of the Business Combination. The new credit facility provides for aggregate revolving borrowings of up to $50.0 million and a $50.0 million delayed-draw term loan facility, each maturing on the third anniversary of the Closing Date.

As of December 31, 2017, and December 31, 2016, IEA is contingently liable under a letter of credit agreement with a financial institution in the amount of $5.9 million and $3.1 million, respectively, related to projects.

For detailed discussion and additional information pertaining to our debt instruments, see Note 8— Debt in the notes to IEA's audited consolidated financial statements, included in this 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. Our significant off-balance sheet transactions include liabilities associated with non-cancelable operating leases, letter of credit obligations, surety and performance and payment bonds entered into in the normal course of business, self-insurance liabilities, liabilities associated with multiemployer pension plans, liabilities associated with certain indemnification and guarantee arrangements. See Note 11—Commitments and Contingencies in the notes to IEA's audited consolidated financial statements, included in this Annual Report, for discussion pertaining to our off-balance sheet arrangements. See Note 2—Summary of Significant Accounting Policies and Note 15—Related Parties in the notes to IEA's audited consolidated financial statements, included in this Annual Report, for discussion pertaining to certain of our investment arrangements.

**Recently Issued Accounting Pronouncements**

See Note 2—Summary of Significant Accounting Policies in the notes to IEA's audited consolidated financial statements, included in this Annual Report.

**Quantitative and Qualitative Disclosures About Market Risk**

***Credit Risk***

We are subject to concentrations of credit risk related to our net receivable position with customers, which includes amounts related to billed and unbilled accounts receivable and costs and earnings in excess of billings ("CIEB") on uncompleted contracts net of advanced billings with the same customer. We grant credit under normal payment terms, generally without collateral, and as a result, we are subject to potential credit risk related to our customers' ability to pay for services provided. This risk may be heightened if there is depressed economic and financial market conditions. However, we believe the concentration of credit risk related to billed and unbilled receivables and costs and estimated earnings in excess of billings on uncompleted contracts is limited because of the diversity of our customers.

***Interest Rate Risk***

Borrowings under the old credit facility and certain other borrowings are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. There was an outstanding balance of $33.7 million on the old credit facility as of December 31, 2017 and no outstanding balance as of December 31, 2016. As of December 31, 2017, we had no derivative financial instruments to manage interest rate risk.

***Foreign Currency Risk***

Prior to discontinuing our Canadian operations in 2014, which were substantially wound down in 2016, we were exposed to foreign currency risk related to our operations in Canada. Revenue generated from foreign operations is less than 5% of our total revenue for the year ended December 31, 2017. Revenue and expense related to our foreign operations are, for the most part, denominated in the functional currency of the foreign operation, which minimizes the impact that fluctuations in exchange rates would have on net income or loss. We are subject to fluctuations in foreign currency exchange rates when transactions are denominated in currencies other than the functional currencies. Such transactions were not material to our operations in the year ended December 31, 2017. Translation gains or losses, which are recorded in other comprehensive income or loss, result from translation of the assets and liabilities of our foreign subsidiaries into U.S. dollars.

**JOBS Act**

Following the Business Combination, the post-combination company will continue to qualify as an "emerging growth company" as defined in the JOBS Act, enacted on April 5, 2012. Section 102 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards.

Subject to certain conditions set forth in the JOBS Act, the combined company will not be required to, among other things, (1) provide an auditor's attestation report on our systems of internal controls over financial reporting pursuant to Section 404, (2) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (3) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (4) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer's compensation to median employee compensation. These exemptions will apply until the combined company no longer meets the requirements of being an emerging growth company. The post combination company will remain an emerging growth company until the earlier of (a) the last day of the fiscal year (i) following July 12, 2021, the fifth anniversary of the completion of the Company's IPO, (ii) in which the post-combination company has total annual gross revenue of at least $1.07 billion or (iii) in which the post-combination company is deemed to be a large accelerated filer, which means the market value of its common stock that is held by non-affiliates exceeds $700 million as of the last business day of its prior second fiscal quarter, and (b) the date on which the post-combination company has issued more than $1.0 billion in nonconvertible debt during the prior three-year period.

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# IEA Energy Services, LLC
# and Subsidiaries

# Consolidated Financial Statements

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Crowe Horwath.

**Crowe Horwath LLP**
Independent Member Crowe Horwath International

# Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
IEA Energy Services, LLC and Subsidiaries
Indianapolis, Indiana

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of IEA Energy Services, LLC and Subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, changes in member's equity (deficit), and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2016.

Crowe Horwath LLP

Crowe Horwath LLP
Indianapolis, Indiana
February 19, 2018

**IEA ENERGY SERVICES, LLC AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**(in thousands)**

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 4,877 | $ 21,607 |
| Accounts receivable, net of allowances of $216 and $135, respectively | 60,981 | 69,977 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 18,613 | 14,143 |
| Prepaid expenses and other current assets | 862 | 1,449 |
| Deferred income taxes | – | 11,735 |
| Total current assets | 85,333 | 118,911 |
| Property, plant and equipment, net of accumulated depreciation of $17,770 and $17,484, respectively | 30,905 | 20,540 |
| Goodwill | 3,020 | 3,020 |
| Intangibles, net of accumulated amortization of $2,061 and $1,941, respectively | 69 | 189 |
| Company-owned life insurance | 4,250 | 2,214 |
| Other assets | 46 | 45 |
| Deferred income taxes – long term | 3,080 | 2,797 |
| Total assets | $ 126,703 | $ 147,716 |
| **Liabilities and Member's Equity (Deficit)** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 70,030 | $ 97,244 |
| Current portion of capital lease obligations | 4,691 | 920 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 7,398 | 28,181 |
| Line of credit | 33,674 | – |
| Total current liabilities | 115,793 | 126,345 |
| Capital lease obligations, net of current maturities | 15,899 | 4,410 |
| Deferred compensation | 5,030 | 4,086 |
| Total liabilities | 136,722 | 134,841 |
| Commitments and contingencies | | |
| Member's equity (deficit): | | |
| Member's equity (deficit) | (10,019) | 12,875 |
| Total member's equity (deficit) | (10,019) | 12,875 |
| Total liabilities and member's equity (deficit) | $ 126,703 | $ 147,716 |

See accompanying notes to consolidated financial statements

**IEA ENERGY SERVICES, LLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(in thousands)**

| | Year ended December 31, | | |
|---|---|---|---|
| | **2017** | **2016** | **2015** |
| Revenue | $ 454,949 | $ 602,665 | 204,640 |
| Cost of revenue | 388,928 | 517,419 | 184,850 |
| Gross profit | 66,021 | 85,246 | 19,790 |
| Selling, general and administrative expenses | 33,543 | 30,705 | 27,169 |
| Restructuring expense | - | - | 1,528 |
| Income from operations | 32,478 | 54,541 | (8,907) |
| Other income (expense), net: | | | |
| Interest expense, net | (2,201) | (516) | (557) |
| Other income | 111 | 213 | 874 |
| Income before benefit (provision) for income taxes | 30,388 | 54,238 | (8,590) |
| Benefit (provision) for income taxes | (13,863) | 10,213 | (106) |
| Net income from continuing operations | 16,525 | 64,451 | (8,696) |
| Discontinued operations: | | | |
| Net income from discontinued operations | – | 1,087 | (19,487) |
| | 16,525 | 65,538 | (28,183) |
| Other comprehensive income (loss) | | | |
| Foreign currency translation adjustment | - | - | 868 |
| Net income | $ 16,525 | $ 65,538 | (27,315) |

See accompanying notes to consolidated financial statements

**IEA ENERGY SERVICES, LLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY (DEFICIT)**
**(in thousands)**

| | Member's equity (deficit) | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|
| Balance, January 1, 2015 | $ (47,706) | $ (601) | $ (48,307) |
| Net loss | (28,183) | – | (28,183) |
| Change in foreign currency translation | – | 868 | 868 |
| Profit unit expense | 93 | – | 93 |
| Other | (315) | – | (315) |
| Balance, December 31, 2015 | $ (76,111) | $ 267 | $ (75,844) |
| Net income | 65,538 | – | 65,538 |
| Change in foreign currency translation | – | (780) | (780) |
| Cumulative translation adjustment on discontinued operations | – | 513 | 513 |
| Profit unit expense | 161 | – | 161 |
| Conversion of Subordinated Debt into equity | 23,287 | – | 23,287 |
| Balance, December 31, 2016 | 12,875 | – | 12,875 |
| Net income | 16,525 | – | 16,525 |
| Distributions | (34,738) | – | (34,738) |
| Distribution of Land and Building | (4,734) | – | (4,734) |
| Profit unit expense | 53 | – | 53 |
| Balance, December 31, 2017 | $ (10,019) | $ – | $ (10,019) |

See accompanying notes to consolidated financial statements

**IEA ENERGY SERVICES, LLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(in thousands)**

| | Years ended December 31, | | |
|---|---|---|---|
| | **2017** | **2016** | **2015** |
| **Cash flows from operating activities:** | | | |
| Net income | $ 16,525 | $ 65,538 | (28,183) |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | | |
| Depreciation of property, plant and equipment | 4,924 | 3,323 | 3,671 |
| Amortization of intangible assets | 120 | 120 | 120 |
| Provision for loss on uncompleted contracts | – | (634) | (5,532) |
| Interest accrual on subordinated debt | – | 1,862 | 1,425 |
| Profit units compensation expense | 53 | 161 | 93 |
| Other | – | – | (315) |
| (Gain) loss on sale of equipment | (244) | (213) | 321 |
| Deferred compensation | 944 | (446) | 872 |
| Deferred income taxes | 11,451 | (14,687) | 155 |
| Allowance for doubtful accounts | 81 | (11,942) | 2,129 |
| Change in operating assets and liabilities: | | | |
| Accounts receivable | 8,915 | (21,089) | 77,067 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | (4,470) | 2,093 | 14,738 |
| Prepaid expenses and other assets | 587 | (539) | 11,799 |
| Accounts payable and accrued liabilities | (27,212) | 17,862 | (68,412) |
| Billings in excess of costs and estimated earnings on uncompleted contracts | (20,783) | 12,182 | (15,565) |
| Net cash (used in) provided by operating activities | (9,109) | 53,591 | (5,617) |
| **Cash flows from investing activities:** | | | |
| Company-owned life insurance | (2,036) | (514) | 152 |
| Purchases of property, plant and equipment | (2,248) | (2,821) | (677) |
| Proceeds from sale of property, plant and equipment | 776 | 335 | 877 |
| Net cash used in investing activities | (3,508) | (3,000) | 352 |
| **Cash flows from financing activities:** | | | |
| Net proceeds and repayments under line of credit | 33,674 | (27,946) | (11,459) |
| Distribution | (34,738) | – | – |
| Proceeds from the issuance of subordinated debt | – | – | 20,000 |
| Payments on capital lease obligations | (3,049) | (1,671) | – |
| Net cash used in financing activities | (4,113) | (29,617) | 8,541 |
| Effect of currency translation on cash | – | 633 | (3,276) |
| Net change in cash and cash equivalents | (16,730) | 21,607 | – |
| Cash and cash equivalents, beginning of year | 21,607 | – | – |
| Cash and cash equivalents, end of year | $ 4,877 | $ 21,607 | – |

See accompanying notes to consolidated financial statements

**IEA ENERGY SERVICES, LLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(in thousands)**

| | | | | | |
|---|---|---|---|---|---|
| Supplemental disclosure of cash and non-cash transactions: | | | | | |
| Cash paid for interest | $ | 2,221 | $ | 1,189 | 3,870 |
| Cash paid for income taxes | $ | 3,686 | $ | 2,673 | - |
| Acquisition of assets/liabilities through capital lease | $ | 18,309 | $ | 7,501 | - |
| Distribution of Land and Building | $ | 4,734 | $ | - | - |
| Conversion of Subordinated Debt into Equity | $ | - | $ | 23,287 | - |

See accompanying notes to consolidated financial statements

## Note 1. Organization and Nature of Operation

IEA Energy Services, LLC ("IEA Services") is a Delaware limited liability company, formed on August 3, 2011, together with its wholly-owned subsidiaries (collectively the "Company") and a wholly-owned subsidiary of Infrastructure and Energy Alternatives, LLC ("IEA Parent"). The Company specializes in providing complete engineering, procurement and construction ("EPC") services throughout the U.S. for the renewable energy, traditional power and civil infrastructure industries. The services are performed under fixed-price and time-and-materials contracts.

On November 3, 2017, IEA Parent entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among M III Acquisition Corp. ("M III"), IEA Energy Services LLC, Wind Merger Sub I, Inc., a wholly-owned subsidiary of M III ("Merger Sub I"), Wind Merger Sub II, LLC, a wholly-owned subsidiary of M III ("Merger Sub II"), Oaktree Power Opportunities Fund III Delaware, L.P. ("Oaktree"), solely in its capacity as the seller's representative and, M III Sponsor I LLC, a Delaware limited liability company, and M III Sponsor I LP (together, the "Sponsors"), solely with respect to certain to certain provisions.

Pursuant to a Merger Agreement, a business combination between the IEA Services and M III will be effected through two consecutive mergers—Merger Sub I will merge with and into IEA Services with IEA Services surviving such merger and, immediately thereafter, this surviving entity will merge with and into Merger Sub II with Merger Sub II surviving such merger as a wholly-owned subsidiary of M III (together, the "Mergers"). Upon the consummation of the Mergers, subject to adjustments in accordance with the Merger Agreement, IEA Parent will receive approximately $100,000 in cash, 10,000,000 shares of common stock of M III, par value $0.0001 per share ("Common Shares"), and an initial stated value of $35,000 in preferred stock of the combined company, par value $0.0001 per share. At the closing of the transaction, IEA Parent will hold approximately 34% of the issued and outstanding Common Shares and the existing shareholders of M III will hold approximately 66% of the issued and outstanding Common Shares. IEA Parent will also receive "earnout shares" if certain EBITDA thresholds specified in the Merger Agreement are met in either or both of fiscal years 2018 and 2019, with a total of 9,000,000 Common Shares being earnable for both such years in the aggregate. As of February 19, 2018, the Merger is pending shareholder approval and an executed definitive agreement.

## Note 2. Summary of Significant Accounting Policies

### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of IEA Energy Services, LLC and its wholly-owned domestic and foreign subsidiaries: IEA Management Services, Inc. ("IMS"), IEA Renewable, Inc. ("Renewable"), White Construction, Inc. ("White"), White Electrical Constructors, Inc. ("WECI"), and IEA Equipment Management, Inc. ("IEM"), and White's wholly-owned subsidiary H.B. White Canada Corp. ("H.B. White"). The capital structure of IEA Services consists of one class of common units fully owned by IEA Parent.

On May 24, 2017, IEA Services and IEA Parent entered into a Contribution Agreement in which IEA Parent contributed 100% of the issued and outstanding capital stock of IMS to IEA Services. As a result of which IMS became wholly-owned subsidiary of IEA Services. The contribution is considered a business combination of companies under common control. Furthermore, the Company is presenting its financial statements as though the assets and liabilities had been transferred at the beginning of the earliest period presented. All inter-company transactions and balances have been eliminated in consolidation. The Company has no involvement with variable interest entities.

### Basis of Accounting and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of the consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Key estimates include: the recognition of revenue and project profit or loss (which the Company defines as project revenue less project costs of revenue), in particular, on construction contracts accounted for under the percentage-of-completion method, for which the recorded amounts require estimates of costs to complete projects, ultimate project profit and the amount of probable contract price adjustments as inputs; allowances for doubtful accounts; estimated fair values of intangible assets; accrued self-insured claims; share-based compensation; other reserves and accruals; accounting for income taxes; and the estimated impact of contingencies and ongoing litigation. While management believes that such estimates are reasonable when considered in conjunction with the Company's consolidated financial position and results of operations taken, actual results could differ materially from those estimates.

**Foreign Currency Translation**

The Company's reporting currency is the U.S. dollar. Operations outside the United States are generally measured using the local currency as the functional currency. H.B. White's functional currency is the Canadian dollar and the financial statements have been translated from the Canadian dollar to U.S. dollars based on the current translation rates in effect during the period or at end-of-period exchange rates; income and expenses are translated using the average exchange rates for the reporting period. Resulting cumulative translation adjustments ("CTA") were recorded as a component of member's equity (deficit) in the Consolidated Balance Sheet in accumulated other comprehensive income (loss). Upon the abandonment of the Canadian solar operations of H.B. White, in July 2016, the CTA is included within other income in order to determine the total gain or loss from discontinued operations. Any CTA for future periods will be included as a component of other income from continuing operations.

**Cash and Cash Equivalents**

The Company considers all unrestricted, highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents. The Company maintains cash balances, which, at times, may exceed the amounts insured by the Federal Deposit Insurance Corporation.

**Accounts Receivable and Allowance for Doubtful Accounts**

The Company does not accrue interest to its customers and carries its customer receivables at their face amounts, less an allowance for doubtful accounts. Accounts receivable include amounts billed to customers under the terms and provisions of the contracts. Most billings are determined based on contractual terms. Included in accounts receivable are balances billed to customers pursuant to retainage provisions in certain contracts that are due upon completion of the contract and acceptance by the customer, or earlier as provided by the contract. As is common practice in the industry, the Company classifies all accounts receivable, including retainage, as current assets. The contracting cycle for certain long-term contracts may extend beyond one year, and accordingly, collection of retainage on those contracts may extend beyond one year. Accounts receivable include amounts billed to customers under retention provisions in construction contracts. Such provisions are standard in the Company's industry and usually allow for a small portion of progress billings or the contract price, typically 10%, to be withheld by the customer until after the Company has completed work on the project. Based on the Company's experience with similar contracts in recent years, billings for such retention balances at each balance sheet date are finalized and collected after project completion. Generally, unbilled amounts will be billed and collected within one year. The Company determined that there are no material amounts due past one year and no material amounts billed but not collected within one year.

The Company grants trade credit, on a non-collateralized basis, to its customers and is subject to potential credit risk related to changes in business and overall economic activity. The Company analyzes specific accounts receivable balances, historical bad debts, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. In the event that a customer balance is deemed to be uncollectible, the account balance is written-off against the allowance for doubtful accounts.

**Revenue Recognition**

Revenue under construction contracts are accounted for under the percentage-of-completion method of accounting and time and materials basis. Under the percentage-of-completion method, the Company estimates profit as the difference between total estimated revenue and total estimated cost of a contract and recognizes that profit over the contract term based on costs incurred. Contract costs include all direct materials, labor and subcontracted costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, depreciation and the operational costs of capital equipment.

The estimation process for revenue recognized under the percentage-of-completion method is based on the professional knowledge and experience of the Company's project managers, engineers and financial professionals.

Management reviews estimates of contract revenue and costs on an ongoing basis. Changes in job performance, job conditions and management's assessment of expected contract settlements are factors that influence estimates of total contract value and total costs to complete those contracts and, therefore, the Company's profit recognition. Changes in these factors may result in revisions to costs and income, and their effects are recognized in the period in which the revisions are determined, which could materially affect the Company's results of operations in the period in which such changes are recognized.

Revenue derived from projects billed on a fixed-price basis totaled 97.8%, 90.4% and 97.6% of consolidated revenue from continuing operations for the years ended December 31, 2017, 2016 and 2015, respectively; and 99.9% and 96.0% of consolidated revenue from discontinued operations for the year ended December 31, 2016 and 2015, respectively. Revenue and related costs for construction contracts billed on a time and materials basis are recognized as the services are rendered. Revenue derived from projects billed on a time and materials basis totaled 2.2%, 9.6% and 2.4% of consolidated revenue from continuing operations for the years ended December 31, 2017, 2016 and 2015 respectively; and 0.1% and 4.0% of consolidated revenue from discontinued operations for the year ended December 31, 2016 and 2015, respectively.

Provisions for losses on uncompleted contracts are made in the period in which such losses are determined to be probable and the amount can be reasonably estimated. The Company may incur costs subject to change orders, whether approved or unapproved by the customer, and/or claims related to certain contracts. Management determines the probability that such costs will be recovered based upon engineering studies and legal opinions, past practices with the customer, specific discussions, correspondence or preliminary negotiations with the customer. The Company treats such costs as a cost of contract performance in the period incurred if it is not probable that the costs will be recovered and/or recognizes revenue up to the amount of the related cost if it is probable that the contract price will be adjusted and can be reliably estimated.

As of December 31, 2017, 2016 and 2015, the Company had revenue related to unapproved change orders totaled approximately $33,479, $17,813 and 9,734 respectively. The Company actively engages in substantive meetings with its customers to complete the final approval process, and generally expects these processes to be completed within one year. The amounts ultimately realized upon final acceptance by its customers could be higher or lower than such estimated amounts.

Changes in job performance, job conditions, estimated profitability, and final contract settlements that result in revisions to costs and income are recognized in the accounting period when these matters are known. Claims for additional contract revenue are recognized when realization of the claim is assured, and the amount can reasonably be determined. When realization is probable, but the amount cannot be reasonably determined, revenue is recognized to the extent of cost incurred.

**Classification of Construction Contract-Related Assets and Liabilities**

Contract costs include all direct subcontract, material, and labor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, insurance, repairs, maintenance, communications, and use of Company-owned equipment. Contract revenues are earned and matched with related costs as incurred.

Costs and estimated earnings in excess of billings on uncompleted contracts are presented as a current asset in the accompanying consolidated balance sheets, and billings in excess of costs and estimated earnings on uncompleted contracts are presented as a current liability in the accompanying consolidated balance sheets. The Company's contracts vary in duration, with the duration of some larger contracts exceeding one year. Consistent with industry practices, the Company includes the amounts realizable and payable under contracts, which may extend beyond one year, in current assets and current liabilities. These balances are generally settled within one year.

**Self-Insurance**

The Company is self-insured up to the amount of its deductible for its medical and workers' compensation insurance policies. For the years ended December 31, 2017, 2016 and 2015, the Company maintains insurance policies subject to per claim deductibles of $500, $500 and $500, respectively, for its workers' compensation policy. Liabilities under these insurance programs are accrued based upon management's estimates of the ultimate liability for claims reported and an estimate of claims incurred but not reported with assistance from third-party actuaries. The Company's liability for employee group medical claims is based on analysis of historical claims experience and specific knowledge of actual losses that have occurred. The Company is also required to post letters of credit and provide cash collateral to certain of its insurance carriers and to obtain surety bonds in certain states. Cash collateral deposited with insurance carriers is included in accounts payable and accrued liabilities in the Consolidated Balance Sheets.

The Company's self-insurance liability is reflected in the Consolidated Balance Sheets within accounts payable and accrued liabilities. The determination of such claims and expenses and the appropriateness of the related liability is reviewed and updated quarterly, however, these insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of the Company's liability in proportion to other parties and the number of incidents not reported. Accruals are based upon known facts and historical trends. Although management believes its accruals are adequate, a change in experience or actuarial assumptions could materially affect the Company's results of operations in a particular period.

**Company-Owned Life Insurance**

The Company has life insurance policies on certain key executives. Company-Owned life insurance is recorded at its cash surrender value or the amount that can be realized.

**Leases**

The Company leases certain real estate, construction equipment and office equipment. The terms and conditions of leases (such as renewal or purchase options and escalation clauses), if material, are reviewed at inception to determine the classification (operating or capital) of the lease. Nonperformance-related default covenants, cross-default provisions, subjective default provisions and material adverse change clauses contained in material lease agreements, if any, are also evaluated to determine whether those clauses affect lease classification in accordance with Accounting Standards Codification ("ASC") Topic 840-10-25.

**Long-Lived Assets**

The Company's long-lived assets consist primarily of property, plant and equipment and finite-lived intangible assets. Property and equipment are recorded at cost, or if acquired in a business combination, at the acquisition date fair value. Depreciation and amortization of long-lived assets is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful lives of the improvements. Property and equipment under capital leases are depreciated over their estimated useful lives. Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for betterments and major improvements are capitalized and depreciated over the remaining useful lives of the assets. The carrying amounts of assets sold or retired and the related accumulated depreciation are eliminated in the year of disposal, with resulting gains or losses included in other income or expense. When the Company identifies assets to be sold, those assets are valued based on their estimated fair value less costs to sell, classified as held-for-sale and depreciation is no longer recorded. Estimated losses on disposal are included within other expense. Acquired intangible assets that have finite lives are amortized over their useful lives, which are generally based on contractual or legal rights. Finite-lived intangible assets are amortized in a manner consistent with the pattern in which the related benefits are expected to be consumed.

The assets' estimated lives used in computing depreciation for property, plant and equipment are as follows:

| | |
|---|---|
| Buildings and leasehold improvements | 2 to 39 years |
| Construction equipment | 3 to 15 years |
| Furniture, fixtures and equipment | 3 to 7 years |
| Vehicles | 3 to 5 years |

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared with the asset's carrying amount to determine if there has been an impairment, which is calculated as the difference between the fair value of an asset and its carrying value. Estimates of future undiscounted cash flows are based on expected growth rates for the business, anticipated future economic conditions and estimates of residual values. Fair values take into consideration management's estimates of risk-adjusted discount rates, which are believed to be consistent with assumptions that marketplace participants would use in their estimates of fair value. As of December 31, 2017, 2016 and 2015, management believes that no impairment existed.

**Goodwill**

Goodwill represents the excess purchase price paid over the fair value of acquired intangible and tangible assets. The Company applies the provisions of ASC Topic 350, *Intangibles* - *Goodwill and Other* (ASC 350). Accordingly, goodwill is not amortized but rather is assessed at least annually for impairment and tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. The Company may assess its goodwill for impairment initially using a qualitative approach ("step zero") to determine whether conditions exist to indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If management concludes, based on its assessment of relevant events, facts and circumstances, that it is more likely than not that a reporting unit's carrying value is greater than its fair value, then a quantitative analysis will be performed to determine if there is any impairment. The Company may also elect to initially perform a quantitative analysis instead of starting with step zero. The quantitative assessment for goodwill is a two-step process. "Step one" requires comparing the carrying value of a reporting unit, including goodwill, to its fair value using the income approach. The income approach uses a discounted cash flow model, which involves significant estimates and assumptions, including preparation of revenue and profitability growth forecasts, selection of a discount rate, and selection of a terminal year multiple. If the fair value of the respective reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and no further testing is required. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is to measure the amount of impairment loss, if any. "Step two" compares the implied fair value of goodwill to the carrying amount of goodwill. The implied fair value of goodwill is determined by a hypothetical purchase price allocation using the reporting unit's fair value as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment charge is recorded to write down goodwill to its implied fair value and is recorded as a selling, general and administrative expense within the Company's Consolidated Statements of Operations. As of December 31, 2017, 2016 and 2015 management performed a qualitative assessment for its goodwill and indefinite-lived intangible assets by examining relevant events and circumstances that could have an effect on their fair values, such as: macroeconomic conditions, industry and market conditions, entity-specific events, financial performance and other relevant factors or events that could affect earnings and cash flows. Based on evaluation of qualitative assessment there was no change in goodwill during the years ended December 31, 2017, 2016 and 2015.

**Equity Appreciation Plan**

IEA Parent has an equity appreciation plan which grants profit units of IEA Parent to certain key employees and members of the board of directors of the Company (the "Board") for their services on the Board. The Company recognizes compensation expense for its profit units in accordance with the provisions of ASC 718, *Stock Compensation*, which requires the recognition of expense related to the fair value of the profit units in the Company's Consolidated Statements of Operations.

The Company estimates the grant date fair value of each profit unit at issuance. For profit units subject to service based-vesting conditions, the Company recognizes compensation expense equal to the grant date fair value on a straight-line basis over the requisite service period, which is generally the vesting term. Forfeitures are accounted for when incurred. For profit units subject to both performance and service-based vesting conditions, the Company recognizes stock-based compensation expense using the straight-line recognition method when it is probable that the performance condition will be achieved.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Where applicable, the Company records a valuation allowance to reduce any deferred tax assets that it determines will not be realizable in the future.

Pursuant to ASC 740-10-45-15, management considered the implications of the rate change, 100% immediate expensing, toll charge, Alternative Minimum Tax "AMT" credit change, and state impacts on the provision for income taxes calculated for the year ended December 31, 2017. The effects of these changes in tax law is $316, which the Company recognized and reflected in the provision for income taxes for the year ended December 31, 2017. Other provisions within the Tax Cuts and Jobs Act of 2017 were deemed to apply prospectively and do not impact the provision for income taxes for the year ended December 31, 2017.

The Company is a limited liability company but elected to be taxed as a corporation and is subject to United States federal income tax, various state income taxes, Canadian federal taxes, and provincial taxes. The Company recognizes the benefit of an uncertain tax position that it has taken or expects to take on income tax returns it files if such tax position is more likely than not to be sustained on examination by the taxing authorities, based on the technical merits of the position. These tax benefits are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

**Litigation and Contingencies**

Accruals for litigation and contingencies are reflected in the consolidated financial statements based on management's assessment, including advice of legal counsel, of the expected outcome of litigation or other dispute resolution proceedings and/or the expected resolution of contingencies. Liabilities for estimated losses are accrued if the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated. Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount is reasonably estimable. Accruals are based only on information available at the time of the assessment due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the Company's results of operations in a given period.

**Fair Value of Financial Instruments**

The Company applies ASC 820, *Fair Value Measurement* ("ASC 820"), which establishes a framework for measuring fair value and clarifies the definition of fair value within that framework. ASC 820 defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Company's principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value hierarchy established in ASC 820 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability, and are to be developed based on the best information available in the circumstances.

The Company's financial instruments include cash and cash equivalents, accounts receivable, deferred compensation plan assets and liabilities, accounts payable and other current liabilities, certain intangible assets and liabilities, and debt obligations.

The valuation hierarchy is composed of three levels. The classification within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The levels within the valuation hierarchy are described below:

*Level 1* — Assets and liabilities with unadjusted, quoted prices listed on active market exchanges. Inputs to the fair value measurement are observable inputs, such as quoted prices in active markets for identical assets or liabilities.

*Level 2* — Inputs to the fair value measurement are determined using prices for recently traded assets and liabilities with similar underlying terms, as well as direct or indirect observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

*Level 3* — Inputs to the fair value measurement are unobservable inputs, such as estimates, assumptions, and valuation techniques when little or no market data exists for the assets or liabilities.

Fair values of financial instruments are estimated using public market prices, quotes from financial institutions and other available information. Due to their short-term maturity, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair values. Management believes that as of December 31, 2017 and 2016, carrying values of deferred compensation plan liabilities of $5,030 and $4,086, respectively, approximate their fair values. Additionally, management believes that the outstanding balance on the line of credit as of December 31, 2017 of $33,674 approximates its fair value.

**Segments**

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company's chief operating decision makers are the chief executive officer and chief financial officer. The Company's operations are reported as a single segment in accordance with GAAP, as they are similar in nature in regard to services, types of customer, and regulatory environment.

**Discontinued Operations**

The Company accounts for business dispositions, businesses held for sale and abandonments in accordance with ASC 205-20, *Discontinued Operations* ("ASC 205-20"). ASC 205-20 requires the results of operations of business dispositions to be segregated from continuing operations and reflected as discontinued operations in current and prior periods. See Note 17, Discontinued Operations for further information.

**Interest Allocation**

Interest expense that is specifically identifiable to debt related to supporting Canadian operations qualifies as discontinued operations, and is allocated to interest expense from discontinued operations in our consolidated financial statements. The Canadian solar operations of H.B. White were abandoned in 2016 (see Note 17, Discontinued Operations for further information). The amount of debt related to supporting Canadian operations is identified by determining the sum of (1) the lump sum cash transfers from the parent entity to H.B. White to fund working capital; and, (2) the Canadian expenses covered by the parent entity. The sum of these compared to the total amount of debt outstanding at the time is used to determine the percentage of total interest expense allocable to Canadian operations.

**Restructuring Expense**

In connection with the abandonment of the Canadian solar operations of H.B. White, the Company incurred restructuring costs, which were recorded as restructuring expenses in the accompanying Consolidated Statement of Operations and Comprehensive Loss. The costs related to the restructuring expenses represent severance expenses for employees who were terminated as a result of the abandonment of the Canadian solar operations of H.B. White.

**New Accounting Pronouncements**

The effective dates shown in the following pronouncements are private company effective dates, based on the Company's current status as a private company.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. To simplify presentation in the balance sheet, the new guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent. As a result, each jurisdiction within the reporting group will now only have one net noncurrent deferred tax asset or liability. The guidance does not change the existing requirement that only permits offsetting within a jurisdiction, and companies are still prohibited from offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction. The guidance may be applied either prospectively or retrospectively by reclassifying the comparative balance sheets. For entities, other than public business entities, the amendments are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. This ASU, which the Company adopted prospectively as of January 1, 2017, did not have a material effect on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date.* The amendments in this update deferred the effective date for implementation of ASU 2014-09 by one year and is now effective for annual reporting periods beginning after December 15, 2018. Early application is permitted only as of annual reporting periods beginning after December 15, 2016 including interim reporting periods within that period. The Company is currently evaluating the impact of the new accounting standard and its impact on the consolidated financial statements.

From March 2016 through December 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),* ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,* ASU 2016-11, *Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting,* ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606):Narrow-Scope Improvements and Practical Expedients*, ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers* and ASU No. 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments.* These amendments are intended to improve and clarify the implementation guidance of Topic 606. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements of ASU No. 2014-09 and ASU No. 2015-14.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), which is effective for annual reporting periods beginning after December 15, 2019. Under ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and 2) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The guidance is effective for the annual period beginning after December 15, 2019. The Company is currently evaluating the impact of the new accounting standard and its impact on the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification of related amounts within the statement of cash flows. The amendments are effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for any interim or annual period. The Company is currently evaluating the impact of the new accounting standard and its impact on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other, Simplifying the Accounting for Goodwill Impairment*. ASU 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. All other goodwill impairment guidance will remain largely unchanged. Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. This new guidance will be applied prospectively, and is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for any impairment tests performed after January 1, 2017. The Company is currently evaluating the impact of the new accounting standard and its impact on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 eliminates the diversity in practice related to the classification of certain cash receipts and payments for debt prepayment or extinguishment costs, the maturing of a zero-coupon bond, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, distributions from certain equity method investees and beneficial interests obtained in a financial asset securitization. ASU 2016-15 designates the appropriate cash flow classification, including requirements to allocate certain components of these cash receipts and payments among operating, investing and financing activities. The guidance is effective for the Company beginning after December 15, 2017, although early adoption is permitted. The Company is currently evaluating the impact of the new accounting standard and its impact on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations: Clarifying the Definition of a Business*, which amends the current definition of a business. Under ASU 2017-01, to be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributes to the ability to create outputs. ASU 2017-01 further states that when substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. The new guidance also narrows the definition of the term "outputs" to be consistent with how it is described in Topic 606, *Revenue from Contracts with Customers*. The changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions. The guidance is effective for the annual period beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new accounting standard and its impact on the consolidated financial statements.

Management has evaluated other recently issued accounting pronouncements and does not believe that they will have a significant impact on the combined financial statements and related disclosures.

**Note 3. Accounts Receivable, net of allowance**

The following table provides details of accounts receivable, net of allowance, as of the dates indicated (in thousands):

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| Contract receivables | $ 46,696 | $ 41,575 |
| Contract retainage | 16,501 | 28,537 |
| Accounts receivable, gross | 61,197 | 70,112 |
| Less: allowance for doubtful accounts | (216) | (135) |
| Accounts receivable, net | $ 60,981 | $ 69,977 |

Activity in the allowance for doubtful accounts for the periods indicated is as follows (in thousands):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Allowance for doubtful accounts at beginning of year | $ 135 | $ 12,077 | $ 11,812 |
| Less: (reduction in) provision for allowances | 81 | (10,534) | 265 |
| Less: write-offs, net of recoveries | – | (1,408) | – |
| Allowance for doubtful accounts at end of year | $ 216 | $ 135 | $ 12,077 |

See Note 11 for a description of the change in the provision for allowances for the year ended December 31, 2016.

**Note 4. Contracts in Progress**

Contracts in progress were as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| Costs on contracts in progress | $ 861,050 | $ 940,359 |
| Estimated earnings on contracts in progress | 131,997 | 107,144 |
| | 993,047 | 1,047,503 |

| | | | | |
|---|---|---|---|---|
| Less: billings on contracts in progress | | (981,832) | | (1,061,541) |
| | $ | 11,215 | $ | (14,038) |

The above amounts have been included in the accompanying Consolidated Balance Sheets under the following captions (in thousands):

| | December 31, | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| Costs and estimated earnings in excess of billings on uncompleted contracts | $ | 18,613 | $ | 14,143 |
| Billings in excess of costs and earnings on uncompleted contracts | | (7,398) | | (28,181) |
| | $ | 11,215 | $ | (14,038) |

The Company has asserted claims and may have unapproved change orders on certain construction projects. These occur typically as a result of scope changes and project delays. Management evaluates these items and estimates the recoverable amounts if this occurs. If significant, these recoverability estimates are evaluated to determine the net realizable value. If additional amounts are recovered, additional contract revenue would be recognized. The current estimated net realizable value on such items as recorded in costs and estimated earnings in excess of billings on uncompleted contracts in the consolidated balance sheets is listed below at December 31 (in thousands):

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2015 | |
| Gross amount of unresolved change orders and claims | $ | 33,479 | $ | 17,813 | $ | 9,734 |
| Valuation allowance | | - | | - | | - |
| Net amount of unresolved change orders and claims | $ | 33,479 | $ | 17,813 | $ | 9,734 |

The Company anticipates that the majority of such amounts will be earned as revenue within one year.

**Note 5. Property, Plant and Equipment, net**

Property, plant and equipment, net consisted of the following (in thousands):

| | December 31, | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| Land | $ | – | $ | 250 |
| Buildings and leasehold improvements | | 416 | | 7,177 |
| Construction equipment | | 46,404 | | 28,863 |
| Office equipment, furniture and fixtures | | 1,451 | | 1,451 |
| Vehicles | | 404 | | 283 |
| | | 48,675 | | 38,024 |
| Accumulated depreciation | | (17,770) | | (17,484) |
| Property, plant and equipment, net | $ | 30,905 | $ | 20,540 |

Depreciation expense of property, plant and equipment for the years ended December 31, 2017, 2016 and 2015 was \$4,998, \$3,323 and \$3,671; of which \$0, \$10 and \$345, respectively, are a component of discontinued operations. In October 2017, the Company distributed its land and building to the Parent at its total net book value at the date of distribution of \$4,734, through an equity distribution. At the date of distribution, the land and building had historical cost values of \$250 and \$7,024, respectively, and the building had accumulated depreciation of \$2,540. See further discussion in Note 11.

**Note 6. Goodwill and Intangible Assets**

Changes in goodwill during the years ended December 31, 2017 and 2016 were as follows (in thousands):

| | Goodwill |
|---|---|
| January 1, 2016 | $ 3,020 |
| Acquisitions and other adjustments | – |
| December 31, 2016 | 3,020 |
| Acquisitions and other adjustments | – |
| December 31, 2017 | $ 3,020 |

Intangible assets consisted of the following at December 31 (in thousands):

| | 2017 | | | 2016 | | | |
|---|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Remaining Weighted Average Amortization Period in Years |
| **Intangible assets** | | | | | | | |
| Customer relationship | $ 1,220 | $ (1,220) | $ — | $ 1,220 | $ (1,220) | $ – | |
| Trade-name | 820 | (751) | 69 | 820 | (631) | 189 | 0.58 |
| Non-compete | 90 | (90) | — | 90 | (90) | - | |
| | $ 2,130 | $ (2,061) | $ 69 | $ 2,130 | $ (1,941) | $ 189 | |

Amortization expense associated with intangible assets for the years ended December 31, 2017, 2016 and 2015 totaled $120, $120 and $120. Intangible asset amortization expense for the years subsequent to December 31, 2017 is expected to be approximately $69 in 2018.

**Note 7. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| Accounts payable – trade | $ 23,880 | $ 52,199 |
| Accrued project costs | 27,097 | 24,300 |
| Accrued compensation and related expenses | 8,855 | 13,349 |
| Other accrued expenses | 10,198 | 7,396 |
| | $ 70,030 | $ 97,244 |

**Note 8. Debt**

*Line of Credit Agreement*

IEA Parent and the Company, collectively, are co-borrowers on a credit agreement with a bank, which includes an aggregate limit of borrowings on the line of credit plus aggregate undrawn amounts of all issued and outstanding letters of credit issued. The Line of Credit Agreement was amended in September 2015 with a maturity date of December 31, 2017. Beginning January 1, 2016, maximum availability on the line is reduced as follows:

$75,000 from January 1, 2016 through March 31, 2016, $65,000 from April 1, 2016 through December 31, 2016 and $55,000 from January 1, 2017 through December 31, 2017. On January 20, 2017, the credit agreement was amended to extend the maturity date to December 31, 2018 and allows for aggregate revolver borrowings up to $55,000 including letters of credit up to $15,000 through December 31, 2018.

The Company had outstanding borrowings of $33,674 and $0, and outstanding letters of credit of $5,934 and $3,056 as of December 31, 2017 and 2016, respectively. Interest on outstanding borrowings under the line of credit is based on the greater of LIBOR plus 2.5% or the prime rate. Interest was calculated at the prime rate at December 31, 2017 and 2016, and was 4.5% and 3.75% (as amended on January 20, 2017), respectively. Interest on the outstanding letters of credit is 2% per annum. The credit agreement also has an unused commitment fee of 0.35% per annum. Interest expense under this agreement for the years ended December 31, 2017, 2016 and 2015 totaled $548, $904 and $2,006, respectively.

The credit agreement is fully guaranteed by Oaktree Power Opportunities Fund III, LP. and Oaktree Power Opportunities Fund III (Parallel), LP, the two funds that have majority ownership in IEA Parent, and is collateralized by substantially all of the assets of the Company. The Company was in compliance with all required financial covenants as of December 31, 2017.

*Subordinated Debt Second Lien Term Loan Agreement*

During February 2015, IEA Parent and the Company collectively entered into a Second Lien Term Loan agreement ("Subordinated Debt") with the two funds that have majority ownership in IEA Parent, Oaktree Power Opportunities Fund III, LP. and Oaktree Power Opportunities Fund III (Parallel), LP. that provides for the ability to borrow up to $50,000. The Subordinated Debt had an original maturity date of June 30, 2016, which was subsequently extended to February 12, 2020. Along with the extension, Oaktree was subsequently issued additional common units which effectively made it 99% owner of IEA Parent. The value of the additional common units was determined to be de minimis. The Subordinated Debt accrued interest at a fixed rate of 8% per annum.

On December 31, 2016, the outstanding principal and accrued interest of $23,287 of the Subordinated Debt was converted into 23,286,846.43 Preferred Units of IEA Parent. IEA Parent’s Preferred Units are non-voting and have the right to receive interest in an amount equal to the aggregate amount that would have been due under the Subordinated Debt Second Lien Term Loan Agreement if it had remained outstanding (including all interest accrued). Pursuant to the Subordinated Debt Contribution Agreement, IEA Parent contributed to IEA Services the existing debt interests as a contribution to capital. Accordingly, no amounts are currently outstanding, and the Subordinated Debt agreement was terminated on December 31, 2016.

**Note 9. Concentrations**

The Company had the following approximate revenue and accounts receivable concentrations, net of allowances, for the years ended and as of December 31, 2017 and 2016:

| | 2017 | | 2016 | | 2015 | |
|---|---|---|---|---|---|---|
| | Revenue % | Accounts Receivable % | Revenue % | Accounts Receivable % | Revenue % | Accounts Receivable % |
| Trishe Wind Ohio, LLC | * | 17% | * | * | * | * |
| Thunder Ranch Wind Project, LLC | 21% | 15% | * | * | * | * |
| EDF Renewable Development, Inc. | 14% | 11% | 11% | * | * | * |
| Bruenning's Breeze Wind Farm, LLC | 11% | * | * | * | * | * |
| Twin Forks Wind Farm, LLC | 11% | * | * | * | * | * |
| Cimarron Bend Wind Project, LLC | * | * | 17% | 36% | * | * |
| Deerfield Wind Energy, LLC | * | * | * | 12% | * | * |
| Osborn Wind Energy, LLC | * | * | 11% | 13% | * | * |
| Grant Plains Wind, LLC | * | * | * | * | 12% | * |
| Canadian Solar Solutions, INC | * | * | * | * | 43% | * |
| Cameron Wind, LLC | * | * | * | * | 13% | * |
| Colbeck’s Corner, LLC | * | * | * | * | * | 37% |
| Northland Power | * | * | * | * | * | 54% |

* Amount less than 10%

**Note 10. Equity Appreciation Plan**

Infrastructure and Energy Alternatives, LLC’s Profits Interest Unit Incentive Plan (the “Plan”) was created in 2011 and is designed to promote the long-term financial interests and growth by attracting and retaining officers, key employees, directors and other employees and consultants by aligning the participants interests by providing them with equity-based awards in the form of Profits Units (the “Units”). Profits Units means the Class A Profits Units, Class B Profits Units and any future class of profits units designated by the Board. The Profits Units issued are intended to benefit from appreciation in the fair value of the aggregate members’ equity in IEA Parent over and above such respective Baseline Value. Profits Units issued at the same Baseline Value shall be treat as one subclass of Profits Units. Profits Units shall not be entitled to vote on any matter.

The aggregate number of Profits Units that may be issued under the Plan shall not exceed 10% of the aggregate number of units and other equity interest of IEA Parent and the aggregate number of Class B Profits Units that may be issued under the Plan shall not exceed 80,723,420.95, which represents 25.5% of the outstanding Common Units and Class B Profit Units assuming issuance of the authorized Class B Profits Units in full. The issuance of Profits Units or the payment of cash in consideration of the cancellation or termination of a Profit Unit shall reduce the total number of Profit Units available under the Plan, as applicable. If the participant’s employment terminates for any reason, then the unvested percentage of profits units as of the termination date shall be canceled and immediately be forfeited to the Company for no consideration payable to the participant. In addition, if the participant’s employment terminated for cause, then the vested percentage of Profits Units as of the termination date shall be canceled and immediately be forfeited to the Company for no consideration payable to the participant.

The Company recognizes compensation cost in its Consolidated Statements of Operations for Units granted by IEA Parent to its officers, key employees, or directors under the Plan. As Infrastructure and Energy Alternatives, LLC is the Parent of the Company, and no substantive services are provided to IEA Parent by employees of the Company who received the Units, the Company accounts for these awards accordingly.

The Company expenses Profits Units compensation over the requisite service period based on the estimated grant-date fair value of the awards. Profits Units compensation expense is recognized as a component of selling, general, and administrative expense. Share based awards with graded-vesting schedules are recognized on a straight-line basis over the requisite service period for each separately vesting portion of the award. The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model, and the assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

The table below summarizes the Time and Performance Profit Units activities for the years ended December 31, 2017, 2016 and 2015.

| | Number of Units | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Time Units | | | | Performance Units | | Weighted Average | Weighted Average |
| | Class A | Class A-1 | Class A-2 | Class B | Class A | Total | Exercise Price | Contractual Term (months) |
| Outstanding as of January 1, 2015 | 848,787 | 75,149 | 100,298 | – | 71,675 | 1,095,909 | $ 2.53 | 13.32 |
| Granted | - | – | – | - | – | - | | |
| Forfeited/Cancelled | 266,162 | 28,333 | 50,000 | – | 50,299 | 394,794 | | |
| Exercised | – | – | – | – | – | – | | |
| Outstanding as of December 31, 2015 | 582,625 | 46,816 | 50,298 | - | 21,376 | 701,115 | $ 2,32 | 9.56 |
| Granted | 109,967 | – | – | 84,463,293 | – | 84,573,260 | 0.00 | |
| Forfeited/Cancelled | 12,574 | – | – | – | 21,376 | 33,950 | | |
| Exercised | – | – | – | – | – | – | | |
| Outstanding as of December 31, 2016 | 680,018 | 46,816 | 50,298 | 84,463,293 | - | 85,240,425 | $ 0.02 | 35.68 |
| Granted | – | – | – | – | – | – | | |
| Forfeited/Cancelled | – | – | – | – | – | – | | |
| Exercised | – | – | – | – | – | – | | |
| Outstanding as of December 31, 2017 | 680,018 | 46,816 | 50,298 | 84,463,293 | – | 85,240,425 | $ 0.02 | 23.78 |
| Vested Profit Units at December 31, 2016 | 680,018 | 46,292 | 37,724 | 36,952,691 | – | 37,716,725 | $ 0.04 | 35.29 |
| Vested Profit Units at December 31, 2017 | 680,018 | 46,816 | 50,298 | 52,789,558 | – | 53,566,690 | $ 0.04 | 23.65 |

As of December 31, 2017, 2016 and 2015, the Company had unrecognized compensation expense of $41, $94 and $110, respectively.

**Note 11. Commitments and Contingencies**

*Operating Leases*

The Company leases real estate, vehicles, office equipment, and certain construction equipment from unrelated parties under non-cancelable leases. Additionally, in October 2017, the Company signed a lease with a subsidiary of its IEA Parent to lease an office building and land. Lease terms range from month-to-month to terms expiring through 2038. The table below shows the future minimum lease commitments under non-cancelable operating leases (in thousands):

| Years ending December 31, | | Operating Leases |
|---|---|---|
| 2018 | $ | 1,683 |
| 2019 | | 1,244 |
| 2020 | | 866 |
| 2021 | | 832 |
| 2022 and thereafter | | 11,653 |
| | $ | 16,277 |

Rent expense relating to these agreements totaled approximately $1,568, $1,234 and $885 for the years ended December 31, 2017, 2016 and 2015, respectively.

*Capital Leases*

The Company signed various capital leases in 2016 and 2017 for equipment. The Company has obligations, exclusive of associated interest, under various capital leases for equipment totaling $20,590 and $5,330 at December 31, 2017 and 2016, respectively. Gross property under this capitalized lease agreement at December 31, 2017 and 2016 totaled $27,005 and $7,501, respectively, less accumulated depreciation of $2,817 and $248, respectively, for net balances of $24,188 and $7,253, respectively. Amortization of assets held under the capital lease is included in cost of revenue on the Consolidated Statements of Operations.

The future minimum payments of capital lease obligations are as follows (in thousands):

| Years ending December 31, | | Capital Leases |
|---|---|---|
| 2018 | $ | 6,874 |
| 2019 | | 6,874 |
| 2020 | | 7,116 |
| 2021 | | 2,825 |
| | | 23,689 |
| Less: Amount representing interest | | 3,099 |
| Present value of minimum lease payments | | 20,590 |
| Less: Current portion | | 4,691 |
| Capital lease obligation, long term | $ | 15,899 |

Legal Proceedings

*NPI Litigation/CCAA Resolution*

H.B. White had three contracts for construction of alternative energy projects with Northland Power, Inc. and certain affiliates ("NPI"). H.B. White and NPI had ongoing disputes on one project and, in December 2014, NPI provided notice that it had terminated the contract. The Company recorded a provision for bad debt of CAD $12,153. H.B. White disputed this termination. On July 6, 2016, H.B. White entered into agreement with NPI to settle all disputes and claims between H.B. White and NPI. In conjunction with the settlement, on July 7, 2016, H.B. White obtained court protection under the Companies' Creditors Arrangement Act (the "CCAA"), which was approved by court order on November 22, 2016. On February 22, 2017, the CCAA plan and process was successfully completed and all of the claims filed in relation to the dispute and related liens on the projects were released. The matter is now resolved, and the total effect of the settlement resulted in a net gain to the Company of CAD $4,564 recognized in November 2016.

Pursuant to the CCAA, IEA or White shall pay NPI, or its designee cash in the aggregate amount of CAD $1,500 provided that the closing date of a material transaction is on or before December 31, 2017. If the closing date occurs after December 31, 2017 but on or before December 31, 2018, IEA or White shall pay to NPI CAD $1,000. A material transaction is defined as a change in control or a public offering of equity securities.

*Sterret Crane v. White, and Zurich Insurance v. White*

White is a defendant in a lawsuit filed in January 2016 by Sterret Crane for an incident that occurred in 2014 during construction of a wind farm. On October 26, 2017, a trial of the liability suit concluded, resulting in a judgment against White in the sum of $609. The Company had $609 and $500 accrued on the balance sheet as of December 31, 2017 and 2016, respectively. Subsequently, Sterret filed a motion for an award of actual damages of $659 for pre-judgement interest and legal fees. White has made demand to Zurich, White's insurer, for payment of the judgment amount; however, Zurich has not yet agreed to pay. It does not appear probable that White can successfully appeal the judgment or recover from Zurich for the judgment amount; however, White has filed an appeal of the verdict. A mediation occurred on January 11, 2018 and February 2, 2018 to discuss potential settlement of the liability claim without further appeal or litigation, but was unsuccessful. Mediation between the Companies is ongoing.

In addition to the foregoing, in the ordinary course of business, the Company is involved in ordinary, routine legal proceedings. The Company believes the ultimate resolution of such matters will not have a material adverse effect on the results of operations, cash flows or the financial position of the Company.

*Deferred Compensation*

The Company has two deferred compensation plans. The first plan is a supplemental executive retirement plan established in 1993 that covers four specific employees or former employees, whose deferred compensation was determined by the number of service years. Payment of the benefits is to be made for 20 years after employment ends. The two former employees are currently receiving benefits, two participants are still employees of the company. The present value of the liability is estimated using the early retirement method. Of the two current employees, one has reached the full benefit level, the other will reach full benefit in 2018. Annual payments under this plan for 2018 will be $93. Maximum aggregate payments per year if all participants were retired would be $255. As of December 31, 2017, and 2016, the Company has a long-term liability of $3,356 and $3,124, respectively, for the supplemental executive retirement plan related to four specific employees or former employees.

The Company offers a non-qualified deferred compensation plan which is made up of an executive excess plan and an incentive bonus plan. This plan was designed and implemented to enhance employee savings and retirement accumulation on a tax-advantaged basis, beyond the limits of traditional qualified retirement plans. This plan allows employees to: (1) defer annual compensation from multiple sources; (2) create wealth through tax-deferred investments; (3) save and invest on a pretax basis to meet accumulation and retirement planning needs; (4) utilize a diverse choice of investment options to maximize returns. The Executive Excess Plan is for employees in the salary grade 15 or higher and awards typically vest over 3 years but can vary. Awards are expensed as vested. The Incentive Bonus Plan includes Project Management Incentive Payments ("PMIP") and incentive payments for those in salary grade 14 or lower. Some employees can be in both of these plans. PMIP payments are expensed when awarded as they were earned through the course of the performance of the project they are related to. Other payments are expensed when vested as they are considered to be earned by retention. Unrecognized compensation expense for the non-qualified deferred compensation plan at December 31, 2017, 2016 and 2015, is $1,348, $184 and $264, respectively. As of December 31, 2017, and 2016, the Company has a long-term liability of $1,674 and $962, respectively, for deferred compensation to certain current and former employees.

*Letters of Credit*

In the ordinary course of business, the Company is required to post letters of credit in support of performance under certain contracts. Such letters of credit are generally issued by a bank or similar financial institution. The letter of credit commits the issuer to pay specified amounts to the holder of the letter of credit under certain conditions. If this were to occur, the Company would be required to reimburse the issuer of the letter of credit, which, depending upon the circumstances, could result in a charge to earnings. As of December 31, 2017, and 2016, the Company is contingently liable under letters of credit issued under the Company Line of Credit Agreement in the amount of $5,934 and $3,056, respectively, related to projects.

**Note 12. Income Taxes**

The Company is a limited liability company but elected to be taxed as a corporation and is subject to United States federal income tax, various state income taxes, Canadian federal taxes, and provincial taxes. The Company files a consolidated tax return that includes Renewable, White, IEM, WECI and H.B. White. IMS is a wholly-owned subsidiary of IEA Parent, for tax purposes as of December 31, 2016, and is taxed as a separate corporation and subject to United States federal and state income taxes. On May 24, 2017, IMS was contributed into the Company consolidated group and as of December 31, 2017 is included in the consolidated tax return filed by the Company.

H.B. White is a wholly owned subsidiary of White and is considered a Foreign-Branch Operation under the U.S. federal income tax system. H.B. White's income and losses are taxable in Canada and in the Unites States based on U.S. federal income tax law. Under U.S. federal tax law, Canadian taxes imposed on the branch are considered foreign taxes of the Company, which may be deducted as a business expense or may be claimed as direct, creditable foreign taxes of a U.S. corporation. As such, there are no unremitted foreign earnings in the group.

The income before income taxes and the related tax provision benefit are as follows (in thousands):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Income before income taxes | | | |
| U.S. operations | $ 29,313 | $ 54,238 | $ (8,590) |
| Non-U.S. operations | 1,075 | – | – |
| Total income before income taxes | 30,388 | 54,238 | (8,590) |
| Current provision (benefit) | | | |
| Federal | 312 | 1,168 | (75) |
| State | 2,099 | 3,307 | 26 |
| Total current tax provision (benefit) | 2,412 | 4,475 | (49) |
| Deferred provision (benefit) | | | |
| Federal | 11,638 | (12,776) | 145 |
| State | (186) | (1,912) | 10 |
| Total deferred tax provision (benefit) | 11,452 | (14,688) | 155 |
| Total (benefit) provision for income taxes | $ 13,863 | $ (10,213) | $ 106 |

As disclosed in Note 17, the income tax benefit included in discontinued operations for the years ended December 31, 2017, 2016 and 2015 is $0, $1,219 and $0, respectively. A substantial portion of the deferred benefit at December 31, 2016 was a result of the release of the valuation allowance during 2016 offset by the utilization of $44,144 of Federal NOL's during the period ended December 31, 2016.

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate from Continuing Operations is as follows:

| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|---|---|---|---|
| Federal statutory tax rate | 34.00% | 34.00% | 34.00% |
| State and local income taxes, net of federal benefit | 3.88% | 3.35% | 3.12% |
| Permanent items | 3.81% | -0.10% | -1.46% |
| Change in valuation allowance | -0.08% | -57.52% | -37.82% |
| Rate change | 1.04% | 0.00% | 0.00% |
| Other | 2.96% | 1.44% | 0.93% |
| Effective tax rate | 45.62% | -18.83% | -1.23% |

Significant differences between the years ended December 31, 2017 and 2016 related to state taxes and absence of the benefit received in 2016 related to the release of the valuation allowance.

Deferred taxes reflect the tax effects of the differences between the amounts recorded as assets and liabilities for financial statement purposes and the comparable amounts recorded for income tax purposes. Significant components of the deferred tax assets (liabilities) at December 31, 2017 and 2016, respectively, are as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| Deferred tax assets: | | |
| Allowance for doubtful accounts | $ 31 | $ 13 |
| Accrued liabilities and deferred compensation | 1,600 | 5,329 |
| Alternative minimum tax credit carry forwards | 1,043 | 1,575 |
| Foreign exchange differences | – | 262 |
| Net operating loss carry forwards | 2,532 | 8,633 |
| Goodwill | 1,239 | 383 |
| Other reserves and accruals | – | 225 |
| Less: valuation allowance | (4) | (27) |
| Total deferred tax assets | 6,441 | 16,393 |
| Deferred tax liabilities: | | |
| Property, plant and equipment | (2,977) | (1,422) |
| Equipment under capital leases | (346) | (333) |
| Intangibles | (17) | (68) |
| Other | (21) | (38) |
| Total deferred tax liabilities | (3,361) | (1,861) |
| Net deferred tax asset | $ 3,080 | $ 14,532 |

Deferred income taxes are classified on the balance sheets as follows at December 31 (in thousands):

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| Deferred tax assets – current | $ – | $ 11,735 |
| Deferred tax assets – noncurrent | 3,081 | 2,797 |
| Net deferred tax asset | $ 3,081 | $ 14,532 |

The Company assesses the realizability of the deferred tax assets at each balance sheet date based on actual and forecasted operating results in order to determine the proper amount, if any, required for a valuation allowance. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. As of December 31, 2016, the Company released its valuation allowance against certain deferred tax assets within the consolidated group. As explained in the analysis below, it is management's belief that it is more likely than not that the net deferred tax assets related to the Company will be utilized prior to expiration. The valuation allowance that remains as of December 31, 2017 relates to the White Florida state net operating loss.

The change in the valuation allowance was driven by management's assessment at the end of 2016 that there was sufficient positive evidence and tax-planning strategies to overcome the negative evidence of a three-year cumulative loss position and to provide a more-likely-than-not conclusion that the Company is able to realize its net deferred tax assets. As of the end of 2016, the Company had $23 million of net operating losses, which includes $8 million from IMS. The losses at IMS are attributable to insufficient amounts of intercompany revenue recorded to cover the costs at IEAMS. As explained in the following analysis, the Company looked to the 2016 performance, the 2017 backlog, and considered tax-planning strategies specific to IEAMS to support the release of the valuation allowances at both entities.

- The losses during 2014 and 2015 in Canada were considered an aberration rather than a continuing condition. The 2014 and 2015 significant operating losses related to discontinued operations in Canada and were a result of three distinct and separable contracts under dispute. These contracts have now been terminated and the Canadian operations have been discontinued.

- In conjunction with the settlement of the disputed contracts noted above, IEA obtained court protection in Canada under the Companies' Creditors Arrangement Act (the ''CCAA''), as approved by court order on November 22, 2016. On February 22, 2017, the CCAA plan and process was successfully completed, and all of the claims filed in relation to the dispute and related liens on the projects were released. This approved court order removed the risk of the creditors forcing the Company into bankruptcy, which provides additional positive evidence with respect to the Company's ability to continue operations.

- The cumulative losses include discontinued operations, which relates to operations in Canada. The continuing U.S. operations, White and Renewable, have been profitable on a historical basis and were such that the Company could utilize the net operating loss carryforward in approximately two years (2017 and 2018), which is within the net operating loss carryforward period of twenty years.

- The Company built a backlog during 2016 that is expected to generate 2017 book income of $33 million, along with strong 2016 results. management believes that the aggregation of the above positive evidence outweighs the negative evidence to meet the ''more-likely-than-not'' threshold of realizability in relation to the deferred tax assets of IEA.

- The tax-planning strategy specific to IMS was to contribute IMS into the consolidated group of the Company and, if necessary, liquidate it into a profitable operating subsidiary within IES to utilize the $8 million net operating loss within the expiration period, which is achievable based on the analysis mentioned above.

As of December 31, 2017, the Company is in a three-year cumulative income position and a valuation allowance assessment on the deferred taxes of the Company is not considered necessary. While IMS is in a three-year cumulative loss position as of December 31, 2017, management has employed the above strategy of contributing IMS into the consolidated group and is managing the intercompany revenue in order to utilize the IMS's net operating losses. As such, it is management's continued belief that it is more likely than not that the net deferred tax assets related to IMS will be utilized prior to expiration.

As of December 31, 2017, the Company has a federal net operating loss carryover of $5,455 and net operating loss carryovers in certain state tax jurisdictions of approximately $26,443, which will begin to expire in 2034 and 2024, respectively and may be applied against future taxable income. At December 31, 2017, the Company had total alternative minimum tax credit carryovers of approximately $1,043, which are refundable starting in 2018.

The Company files income tax returns in U.S. federal, state and certain international jurisdictions. For federal and certain state income tax purposes, the Company's 2014 through 2016 tax years remain open for examination by the tax authorities under the normal statute of limitations. For certain international income tax purposes, the Company’s 2013 through 2016 tax years remain open for examination by the tax authorities under the normal statute of limitations.

The Company classifies interest expense and penalties related to unrecognized tax benefits as components of the tax provision for income taxes. Interest and penalties recognized in the Consolidated Income Statement for the years ended December 31, 2017, 2016 and 2015 were $0, respectively. As of December 31, 2017, and December 31, 2016, the Company has recorded accrued interest and penalties of $0, respectively.

**Note 13. Self-Insurance**

The Company is insured for workers’ compensation and group health claims. As of December 31, 2017, and 2016, the gross amount accrued for medical insurance claims totaled $350 and $278, respectively. As of December 31, 2017, and 2016, the gross amount accrued for workers’ compensation claims totaled $1,672 and $387, respectively. For the year ended December 31, 2017, 2016 and 2015, health care expense totaled $1,133, $4,977 and $3,886 respectively, and workers compensation expenses totaled $3,395, $3,177 and $387, respectively.

**Note 14. Employee Benefit Plans**

The Company participates in numerous multi-employer pension plans ("MEPPs") that provide retirement benefits to certain union employees in accordance with various collective bargaining agreements (“CBAs”). As of December 31, 2017, and December 31, 2016, 25% and 25%, respectively, of the Company’s employees are members of collective bargaining units. As one of many participating employers in these MEPPs, the Company is responsible, with the other participating employers, for any plan underfunding. Contributions to a particular MEPP are established by the applicable collective bargaining agreements; however, required contributions may increase based on the funded status of a MEPP and legal requirements of the Pension Protection Act of 2006, which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact funded status of a MEPP include investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions, and the utilization of extended amortization provisions. If a contributing employer stops contributing to a MEPP, the unfunded obligations of the MEPP may be borne by the remaining contributing employers. Assets contributed to an individual MEPP are pooled with contributions made by other contributing employers; the pooled assets will be used to provide benefits to the Company’s employees and the employees of the other contributing employers.

A FIP or RP requires a particular MEPP to adopt measures to correct its underfunding status. These measures may include, but are not limited to: (a) an increase in the contribution rate as a signatory to the applicable collective bargaining agreement, (b) a reallocation of the contributions already being made by participating employers for various benefits to individuals participating in the MEPP and/or (c) a reduction in the benefits to be paid to future and/or current retirees. In addition, the Pension Protection Act of 2006 requires that a 5% surcharge be levied on employer contributions for the first year commencing shortly after the date the employer receives notice that the MEPP is in critical status and a 10% surcharge on each succeeding year until a collective bargaining agreement is in place with terms and conditions consistent with the RP. The zone status included in the table below is based on information that that Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are greater than 65% and less than 80% funded, and plans in the green zone are at least 80% funded.

The Company could also be obligated to make payments to MEPPs if the Company either ceases to have an obligation to contribute to the MEPP or significantly reduces its contributions to the MEPP because of a reduction in the number of employees who are covered by the relevant MEPP for various reasons. Due to uncertainty regarding future factors that could trigger withdrawal liability, as well as the absence of specific information regarding the MEPP's current financial situation, the Company is unable to determine (a) the amount and timing of any future withdrawal liability, if any, and (b) whether participation in these MEPPs could have a material adverse impact on the Company's financial condition, results of operations, or cash flow.

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

The following tables list the MEPPs the Company considers individually significant in 2017 and 2016 (in thousands). The Company considers individually significant to be any plan over 5% of its total contributions to all MEPP plans for that year. For the years ended December 31, 2017 and 2016, they represent 54% and 65%, respectively and four of 52 and eight of 23, respectively, of total plan contributions. All of the amounts were less than 5% of the Total Plan contributions by employers. This information was obtained from the respective plans' Form 5500 for the most current available filing. These dates may not correspond with the Company's calendar year contributions. The above noted percentages of contributions are based upon disclosures contained in the plan's Form 5500 filing ("Forms"). Those Forms, among other things, disclose the names of individual participating employers whose annual contributions account for more than 5% of the aggregate annual amount contributed by all participating employers for a plan year.

For the year ended December 31, 2017:

| Plan | Federal ID# | 2017 | FIP/RP Status | 2017 Contribution | Surcharge Imposed | Plan Year | Expiration of CBA |
|---|---|---|---|---|---|---|---|
| Central Pension Fund of the IUOE & Participating Employers | 36-6052390 | Green | No | $ 1,646 | No | January 2017 | April 2019, March 2018, May 2018 |
| Central Laborers' Pension Fund | 37-6052379 | Yellow | Implemented | 839 | No | December 2016 | April 2018 |
| Upstate New York Engineers Pension Fund | 15-0614642 | Red | Implemented | 597 | No | March 2017 | June 2018 |
| Iron Workers St. Louis District Council Pension Trust | 43-6052659 | Green | No | 384 | No | October 2016 | April 2017 |
| Other funds | | | | 2,946 | | | |
| | | | | $ 6,412 | | | |

For the year ended December 31, 2016:

| Plan | Federal ID# | 2016 | FIP/RP Status | 2016 Contribution | Surcharge Imposed | Plan Year | Expiration of CBA |
|---|---|---|---|---|---|---|---|
| Iron Workers Local Union No 25 Pension Plan | 38-6056780 | Red | Implemented | $ 989 | No | April 2016 | May 2019 |
| Central Pension Fund of the IUOE | 36-6052390 | Green | No | 772 | No | January 2016 | March 2018 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| & Participating Employers | | | | | | | |
| Central Pension Fund of the IUOE and Participating | 36-6052390 | Green | No | 496 | No | January 2016 | March 2018 |
| Operating Engineers' local 324 Pension Fund | 38-1900637 | Yellow | Implemented | 675 | No | April 2016 | May 2018 |
| Mo-Kan Iron Workers Pension Fund | 43-6130595 | Green | No | 619 | No | January 2016 | March 2017 |
| Iron Workers Mid-America Pension Plan | 36-6488227 | Green | No | 560 | No | December 2015 | May 2018 |
| Midwest Operating Engineers Pension Trust Fund | 36-6140097 | Yellow | Implemented | 482 | No | March 2016 | May 2018 |
| Central Laborers' Pension Fund | 37-6052379 | Red | Implemented | 408 | No | December 2015 | April 2017, April 2018 |
| Other funds | | | | 2,427 | | | |
| | | | | $ 7,428 | | | |

For the year ended December 31, 2015:

| Plan | Federal ID# | 2015 | FIP/RP Status | 2014 Contribution | Surcharge Imposed | Plan Year | Expiration of CBA |
|---|---|---|---|---|---|---|---|
| Central Pension Fund of the IUOE & Participating Employers | 36-6052390 | Green | No | 406 | No | January 2016 | March 2015, March 2018 |
| Indiana Laborers Pension Fund | 35-6027150 | Yellow | Implementation | 220 | No | May 2015 | March 2017 |
| Indiana Carpenters Pension Plan | 35-6057648 | Green | No | 164 | No | December 2015 | March 2016, May 2017 |
| Iron Workers Laborers Pension Plan of Cumberland MA | 52-6067609 | Red | RP | 146 | No | December 2014 | April 2016 |
| Central Laborers Pension Fund | 37-6052379 | Red | Implemented | 126 | No | December 2014 | April 2015, April 2018, April 2017 |
| Iron Workers 568 Retirement Plan | 32-0124306 | Green | No | 104 | No | December 2014 | April 2016 |
| Operating Engineers Local 37 Pension Plan | 52-6128064 | Red | RP | 101 | No | December 2014 | April 2016 |
| Other funds | | | | 596 | | | |
| | | | | $ 1,863 | | | |

The zone status above represents the most recent available information for the respective MEPP, which is 2016 for the plan year ended 2017, 2015 for the plan year ended 2016 year and 2014 for the plan year ended 2015 year.

**Note 15. Related Parties**

Certain of the Company's debt facilities and other obligations under surety bonds and stand-by letters of credit are guaranteed by the majority member of IEA Parent. The Company pays a fee for those guarantees based on the total amount outstanding. The Company expensed $1,535, $2,965 and $4,531 related to these fees during the years ended December 31, 2017, 2016 and 2015, respectively, of which $0, $625 and $2,570, respectively, is included in discontinued operations on Consolidated Statements of Operations.

As of December 31, 2017, and 2016, the Company has a long-term liability of $5,030 and $4,086, respectively, for deferred compensation to certain current and former employees.

The Company has life insurance policies on certain key executives. Company-Owned life insurance is recorded at its cash surrender value or the amount that can be realized. As of December 31, 2017, and 2016, the Company has a long-term asset of $4,250 and $2,214, respectively. For the years ended December 31, 2017, 2016 and 2015, the Company recognized increases of $2,036 and $514 and a decrease of $152, respectively, in the cash surrender value of the policies.

*Contribution of IMS to IEA Services*

On May 24, 2017, IEA Services and IEA Parent entered into a Contribution Agreement in which IEA Parent contributed 100% of the issued and outstanding capital stock of IMS to IEA Services. As a result of which IMS became wholly-owned subsidiary of IEA Services.

*Clinton Lease Agreement*

On October 20, 2017, IEA Parent enacted a plan to restructure the ownership of its building and land from its consolidated subsidiary WCI to Clinton RE Holdings, LLC (Cayman) (“Cayman Holdings”), a directly owned subsidiary of IEA Parent. Refer to Note 11. Commitments and Contingencies for further detail.

**Note 16. Restructuring Expenses**

In connection with the abandonment of the Canadian solar operations of H.B. White, the Company incurred restructuring costs, which were recorded as restructuring expenses at December 31, 2015, in the Consolidated Statements of Operations. The costs related to the restructuring expenses represented severance expense for employees who were terminated as a result of the abandonment of the Canadian solar operations of H.B. White. Additional disclosures regarding these discontinued operations and the related costs are provided in Note 17. The balance of the restructuring accrual and the related restructuring activity as of and for the years ending December 31, 2017 and 2016 was as follows:

| | Employee Severance |
|---|---|
| Balance at December 31, 2014 | $ 1,600 |
| 2015 Restructuring charges | 1,528 |
| 2015 Payments | (2,088) |
| Balance at December 31, 2015 | $ 1,040 |
| 2016 Payments | (365) |
| Balance at December 31, 2016 | 675 |
| 2017 Payments | (675) |
| Balance at December 31, 2017 | $ – |

**Note 17. Discontinued Operations**

The Company had experienced significant operating losses related to its operations in Canada. The Company made the decision to abandon its operations in Canada during 2014 and to refocus the business on the U.S. wind energy market. In early 2015, the Company began the process of finalizing all projects in Canada and reducing or eliminating all costs and exposures. The Company completely abandoned the Canadian solar operations of H.B. White and effectively completed all significant projects in Canada and reduced or redeployed substantially all of its Canadian resources, facilities and equipment as of July 2016. Accordingly, the operating results of its operations in Canada for all years presented have been reclassified in the Consolidated Statements of Operations as “loss from discontinued operations". Management expects major classes of assets and liabilities attributable to discontinued operations will be settled through a normal wind down process. Interest expense that is specifically identifiable to debt related to supporting Canadian solar operations of H.B. White qualifies as discontinued operations and is allocated to interest expense from discontinued operations in the Company's consolidated financial statements.

As of December 31, 2016, the carrying amounts of major classes of assets and liabilities from the discontinued operations in Canada was $0.

Major classes of line items constituting the loss from discontinued operations for the periods indicated was as follows (in thousands):

| | Year ended December 31, | |
|---|---|---|
| | 2016 | 2015 |
| Revenue | $ 1,911 | $ 128,772 |
| Cost of earned revenue, excluding depreciation | 1,626 | 130,289 |
| Operating expenses | 1,610 | 14,551 |
| Interest and other expense, net | 3,060 | 3,419 |
| Gain on abandonment | (4,253) | - |
| Income tax benefit | (1,219) | - |
| Net income (loss) from discontinued operations | $ 1,087 | $ (19,487) |

Significant categories of cash flows of discontinued operations for the years indicated are as follows (in thousands):

| | Year ended December 31, | |
|---|---|---|
| | 2016 | 2015 |
| Net cash used in operating activities | $ (15,539) | $ (26,076) |
| Net cash provided by investing activities | $ 82 | $ 186 |
| Net cash provided by financing activities | $ 15,664 | $ 16,039 |

**Note 18. Subsequent Events**

On February 7, 2018, MIII announced that it had set a special meeting of its stockholders to be held on February 28, 2018 to consider and vote on proposals related to the previously announced business combination pursuant to the definitive agreement and plan of merger dated as of November 3, 2017 with IEA.

**Note 19. Events Subsequent to the Issuance of the Financial Statements (unaudited)**

On March 21, 2018, MIII shareholders voted to approve the proposed business combination with IEA, pursuant to the definitive agreement and plan of merger dated as of November 3, 2017. The business combination closed on March 26, 2018, for an aggregate purchase price of approximately $215M, consisting of approximately $80M of cash considerations, approximately $100M of common stock considerations, and approximately $35M of preferred stock consideration.

## Additional Annual Report Information

### Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common stock is currently listed on the NASDAQ stock market under the symbol "IEA." The following table sets forth the high and low reported sales prices per share of our common stock for the quarters indicated:

### Market Information

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| | High | Low | High | Low |
| First Quarter | $ 10.33 | $ 8.25 | $ 10.09 | $ 9.60 |
| Second Quarter | $ 9.86 | $ 8.70 | $ 9.80 | $ 9.50 |
| Third Quarter | $ 11.27 | $ 9.40 | $ 9.91 | $ 9.77 |
| Fourth Quarter* | $ 11.06 | $ 10.13 | $ 9.93 | $ 9.79 |

* Fourth quarter 2018 was stock price through October 26, 2018.

### Holders of Record

On October 16, 2019 there were 1,113 holders of record of our common stock.

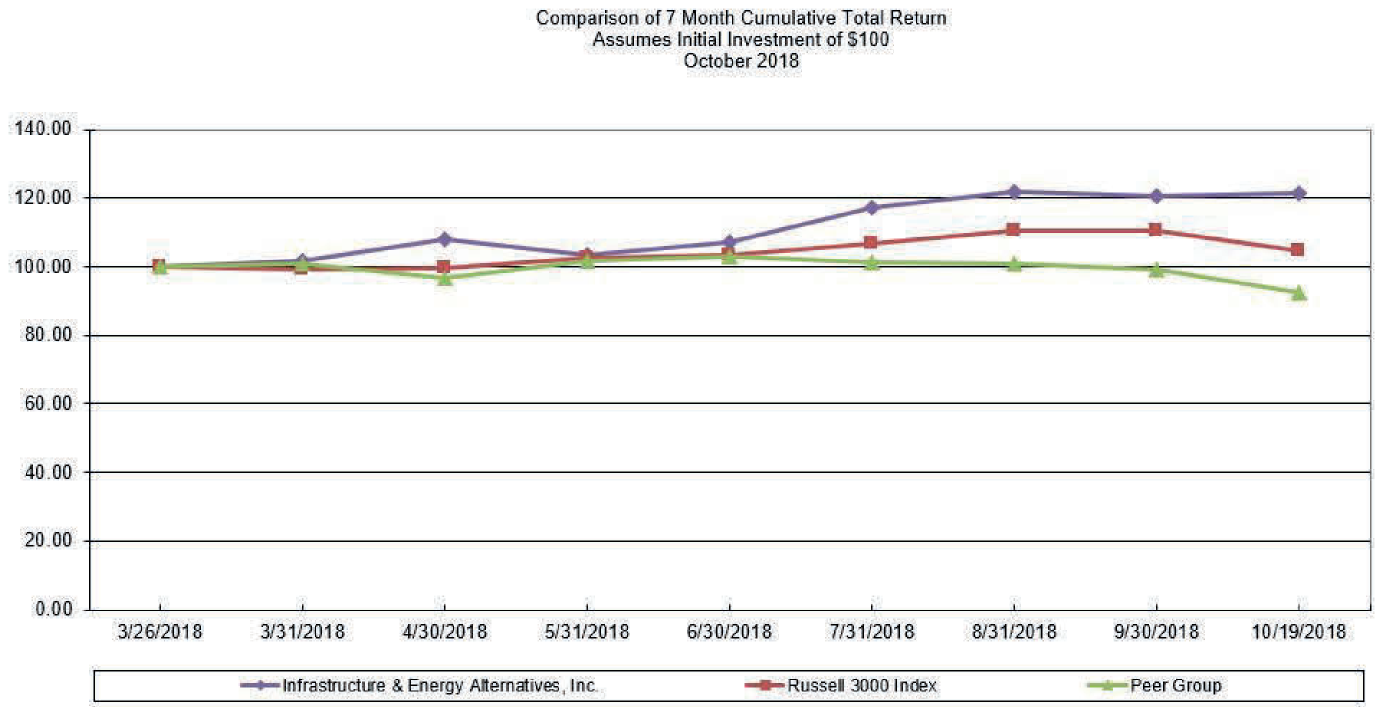
### Dividend Policy

Our current credit facility includes certain limitations on the payment of cash dividends on our common stock. We have not paid any cash dividends since the closing of the business combination on our common shares and do not anticipate paying any cash dividends on our common stock in the foreseeable future.

**Stock Performance**

The performance graph below compares the cumulative five year total return for our common stock with the cumulative total return (including reinvestment of dividends) of the Russell 3000, and with that of our peer group, which is composed of MasTec, Inc., Quanta Services, Inc., MYR Group, Inc., Dycom Industries, Inc., Tetra Tech, Inc., Granite Construction, Inc., Emcor Corporation, Construction Partners, Inc., Willdan Group Inc. and Primoris Services Corporation. The graph assumes that the value of the investment in our common stock, as well as that of the Russell 3000 and our peer group, was $100 on March 26, 2018 and tracks it through October 19, 2018. The comparisons in the graph are based upon historical data and are not intended to forecast or be indicative of possible future performance of our common stock.

*The performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.*



***Quarterly Information (unaudited)***

The following table sets forth summary quarterly financial information for the year ended December 31, 2017:

| | Quarters Ended (1) | | | |
|---|---|---|---|---|
| **(in thousands)** | **March 31** | **June 30** | **September 30** | **December 31** |
| **Continuing Operations - 2017** | | | | |
| Revenue | $ 52,256 | $ 106,042 | $ 177,830 | $ 118,821 |
| Cost of revenue | 44,192 | 91,838 | 153,526 | 99,372 |
| Gross profit | $ 8,064 | $ 14,204 | $ 24,304 | $ 19,449 |
| | | | | |
| Selling, general and administrative expenses | 6,067 | 8,395 | 9,491 | 9,590 |
| Income (loss) from operations | 1,997 | 5,809 | 14,813 | 9,859 |
| Other income (expense), net | 150 | (204) | (304) | (1,732) |
| | | | | |
| Net income (loss) | $ 1,390 | $ 3,588 | $ 9,155 | $ 2,392 |

(1) Our results of operations for any interim period are not necessarily indicative of those for an entire year, since the business is subject to seasonal fluctuations and general economic conditions.

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

On April 19, 2018, we dismissed Crowe as the Company's independent registered public accounting firm and subsequently engaged Deloitte as the Company's independent registered public accounting firm for the Company's fiscal year ended December 31, 2018, effective immediately. The change in the Company's independent auditor was approved by the Audit Committee.

Crowe's audit reports on the IEA Energy Services, LLC consolidated financial statements as of and for the fiscal years ended December 31, 2017 and 2016 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2017, and 2016, and the subsequent interim periods through April 19, 2018, there were (i) no disagreements (as described in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and Crowe on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Crowe's satisfaction, would have caused Crowe to make reference thereto in their reports on the financial statements for such years, and (ii) no "reportable events" within the meaning of Item 304(a)(1)(v) of Regulation SK, except that Crowe advised the Company of the existence of material weaknesses as of December 31, 2017 and 2016, respectively, relating to the Company not yet developing an entity level and financial reporting control environment that is designed with appropriate precision, including (i) accounting personnel with an appropriate level of accounting knowledge, experience, and training commensurate with complex accounting issues and financial reporting requirements, (ii) adequate procedures to prepare, document and review areas of significant judgments and accounting estimates, revenue recognition, and accruals (iii) timely and systematic review by management of journal entries.

We have implemented a remediation plan, which included the hiring of an experienced Chief Accounting Officer and a Director of SEC Reporting, and engaged a big four accounting firm to assist in the implementation of effective internal controls over financial reporting and disclosure controls and procedures. There is no assurance that the measures We have taken to date, or any measures the combined company may take in the future, will be sufficient to remediate the material weaknesses described above or to avoid potential future material weaknesses.

During the fiscal years ended December 31, 2017 and 2016, and the subsequent interim periods through April 19, 2018, neither the Company nor anyone acting on its behalf has consulted with Deloitte regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements or the effectiveness of internal control over financial reporting, and neither a written report or oral advice was provided to the Company that Deloitte concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, (ii) any matter that was the subject of a disagreement within the meaning of Item 304(a)(1)(iv) of Regulation S-K, or (iii) any reportable event within the meaning of Item 304(a)(1)(v) of Regulation S-K.

# Corporate Information

| Directors | Position/Title |
|---|---|
| Moshin Y. Meghji[1,2,3,4] | Managing Partner of M-III Partners, LP |
| Ian Schapiro[2,3,5] | Managing Director and the portfolio manager for Oaktree's GFI Energy Group |
| John Paul Roehm | President and Chief Executive Officer of Infrastructure and Energy Alternatives, Inc. |
| Terence Montgomery[1,5] | Former interim CFO of Infrastructure and Energy Alternatives, Inc. |
| John Eber[5] | Former CEO/President at JPM Capital Corporation |
| Peter Jonna[4] | Senior Vice President of Oaktree Capital's GFI Energy Group |
| Derek Glanvill[4,5] | Senior Advisor to Oaktree's GFI Energy Group |
| Charles Garner[1,4,5] | Managing Director and General Counsel of M-III Partners, LP |

| Executive Officers | Position/Title |
|---|---|
| John Paul Roehm | President and Chief Executive Officer |
| Andrew D. Layman | Chief Financial Officer |
| Chris Hanson | Executive Vice President of Wind Operations |
| Bharat Shah | Chief Accounting Officer |

1 Audit Committee

2 Compensation Committee

3 Governance and Nominating Committee

4 Investment Committee

5 Bid Committee

**Transfer Agent**

Continental Stock Transfer & Trust

1 State Street, 30th Floor

New York, NY 10004

**Auditors**

Deloitte & Touche LLP

111 Monument Circle #4200

Indianapolis, IN 46204

**Investor Relations**

Financial Profiles, Inc.

Kimberly Esterkin, Senior Vice President

kesterkin@finprofiles.com

310-622-8235

**Ticker Symbol** **IEA**

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6325 Digital Way, Suite 460
Indianapolis, Indiana 46278