

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

OR

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

For the transition period from to

Commission file number: 001-38745

ATLAS TECHNICAL CONSULTANTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

13215 Bee Cave Parkway, Building B, Suite 230,  
Austin, TX

(Address of principal executive offices)

83-0808563

(IRS Employer  
Identification No.)

78738

(Zip Code)

(512) 851-1501

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	ATCX	Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$107,511,802.

As of March 14, 2022, 34,706,190 shares of the registrant's Class A common stock, par value \$0.0001 per share, and 3,333,893 shares of the registrant's Class B common stock, par value \$0.0001 per share, were outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement of the registrant for the 2022 Annual Meeting of Stockholders, which will be filed within 120 days of December 31, 2021, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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**ATLAS TECHNICAL CONSULTANTS, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements. Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this Annual Report on Form 10-K are based on our current expectations and beliefs concerning future developments and their potential effects on us. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included elsewhere in this report. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to:

- the effect, impact, potential duration or other implications of the COVID-19 pandemic and any expectations we may have with respect thereto;
- the adequacy of our efforts to mitigate cybersecurity risks and threats, especially with employees working remotely due to the COVID-19 pandemic;
- our ability to raise financing in the future;
- our success in retaining or recruiting, or changes required in, our key employees or directors;
- our officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business, as a result of which they would then receive expense reimbursements;
- our public securities' potential liquidity and trading;
- changes adversely affecting the business in which we are engaged;
- the risks associated with cyclical demand for our services and vulnerability to industry, regional and national downturns;
- fluctuations in our revenue and operating results;
- unfavorable conditions or further disruptions in the capital and credit markets;
- our ability to generate cash, service indebtedness and incur additional indebtedness;
- competition from existing and new competitors;
- our ability to integrate any businesses we acquire and achieve projected synergies;
- our failure to maintain appropriate internal controls over financial reporting and disclosure controls and procedures;
- risks related to legal proceedings or claims, including liability claims;
- our dependence on third-party contractors to provide various services;

- our ability to obtain additional capital on commercially reasonable terms to fund acquisitions, expansions and our working capital needs and our ability to obtain debt or equity financing on satisfactory terms;
- safety and environmental requirements and other governmental regulations that may subject us to unanticipated costs and/or liabilities;
- our contracts with governmental agencies are subject to audit, which could result in adjustments to reimbursable contract costs or, if we are charged with wrongdoing, possible temporary or permanent suspension from participating in government programs;
- general economic conditions and demand for our services; and
- our ability to fulfill our public company obligations.

Should one or more of these risks or uncertainties materialize, they could cause our actual results to differ materially from the forward-looking statements. Forward-looking statements speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. You should not take any statement regarding past trends or activities as a representation that the trends or activities will continue in the future. Accordingly, you should not put undue reliance on these statements.

This Annual Report on Form 10-K includes market share data, industry data and forecasts that we obtained from internal company surveys (including estimates based on our knowledge and experience in the industry in which we operate), market research, consultant surveys, publicly available information, industry publications and surveys. These sources include, but are not limited to, IBISWorld, FMI, Engineering News Record and the American Society of Civil Engineers. Industry surveys and publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe such information is accurate and reliable, we have not independently verified any of the data from third-party sources cited or used for our management's industry estimates, nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our position relative to our competitors or as to markets in which we operate refer to the most recent available data.

### Risk Factor Summary

Our business is subject to significant risks and uncertainties of which you should be aware before making an investment decision in our business. Below is a bulleted summary of our principal risk factors, however this list does not fully represent all of our known risk factors. You should take time to carefully review and consider the full discussion of our risk factors (See Item 1A. Risk Factors).

#### *Risks Relating to Our Business and Industry*

- Outbreaks of diseases, including the COVID-19 global pandemic, have had an adverse effect on our business, financial condition, and our results of operations.
- We may not achieve synergies and cost savings in connection with prior or future acquisitions.
- Our continued success is dependent on hiring and retaining qualified personnel.
- Our profitability may suffer if we fail to maintain adequate utilization of our workforce.
- Our business operations and financial results may be adversely affected if we fail to successfully deliver our growth strategy.
- Failure to maintain a safe work site could expose us to significant financial losses and reputational harm along with civil and criminal liabilities.
- Demand from clients is cyclical and vulnerable to economic downturns, thus a weakened economy may adversely impact our financial results.
- Our results of operations depend on new contracts and the timing of the performance of these contracts.
- Our backlog is not necessarily indicative of our future revenues or earnings.
- Our clients failing to timely pay amounts owed to us could adversely impact our business operations and financial results.
- Our services expose us to significant risks of liability, and our insurance policies may not provide adequate coverage.
- Unavailability or cancellation of third-party insurance coverage would increase our overall risk exposure and disrupt the management of our business operations.
- Catastrophic events may adversely impact our business operations.
- We engage in a highly competitive business and may lose market share, which would adversely impact our business operations.
- The nature of our contracts subject us to risks of cost overruns, which could lead to reduced profits or, in some cases, losses.
- Any disruption in government funding could adversely affect our business.
- Governmental agencies may modify or terminate our contracts at any time prior to completion and failure to replace them may result in a decline in revenue.
- Failure to comply with a variety of complex procurement rules and regulations could damage our reputation and result in our being liable for penalties.
- We are dependent on third parties to complete certain elements of our contracts.

- We may be precluded from providing certain services due to conflicts of interest.
- Failure to maintain an effective system of internal control may affect our ability to accurately report our financial results.
- An impairment charge on our goodwill could have a material adverse impact on our financial position and results of operations.
- Rising inflation, interest rates and/or construction costs could reduce the demand for our services as well as decrease our profit on existing contracts.
- We are subject to professional standards, duties and statutory obligations, all of which could expose us to liability and monetary damages.
- If we fail to meet timing or performance standards on a project, we may incur a loss on that project, which would reduce our overall profitability.
- The outcome of pending and future litigation could have a material adverse impact on our business.
- Judicial determinations in favor of limiting the ability of public agencies to contract with private firms to perform government employee functions could have an adverse impact on our ability to compete for contracts and thus our financial results.
- Our actual business and financial results could differ from the estimates and assumptions that we use to prepare our financial statements, which may significantly reduce or eliminate our profits.
- Our credit agreements contain a number of restrictive covenants which could limit our ability to finance operations, acquisitions or capital needs or engage in other business activities that may be in our interest.
- Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.
- We and our clients are subject to environmental, health and safety laws and regulations that may require substantial costs to comply with and may expose us to significant penalties, damages or costs of remediation. Changes in such laws or regulations could also directly or indirectly reduce the demand for our services or make our operations more costly.
- Changes in natural resource management or infrastructure industry laws could reduce the demand for our services or make our operations more costly, which could in turn adversely impact our revenue.

***Risks Related to Our Common Stock***

- Our quarterly results may fluctuate significantly, which could have a materially adverse effect on the price of our common stock.
- As an “emerging growth company,” we are subject to reduced disclosure requirements which could make our common stock less attractive to investors.
- To the extent that shares of Class A common stock are issued, the number of shares eligible for resale in the public market will increase.
- If we issue additional equity securities, our existing stockholders may experience dilution, such new securities may have rights senior to those of our common stock, and the market price of our common stock may be adversely affected.
- Provisions in our second amended and restated certificate of incorporation and Delaware law may have the effect of discouraging lawsuits against our directors and officers.

- Provisions in our second amended and restated certificate of incorporation may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our common stock.
- Concentration of ownership of our common stock among certain large stockholders may prevent new investors from influencing significant corporate decisions or adversely affect the trading price of our common stock.
- The market price of our common stock may be affected by low trading volume.
- If securities or industry analysts adversely change their recommendations regarding our common stock or if our operating results do not meet their expectations, our stock price could decline.
- There can be no assurance that we will be able to comply with the continued listing standards of NASDAQ.

***General Risk Factors***

- Negative conditions in the credit and financial markets could result in liquidity problems, or increase our borrowing costs.
- Cybersecurity breaches of our systems could adversely impact our ability to operate.
- Failure to comply with federal, state, and local governmental requirements could adversely affect our business.
- Changes in tax laws could increase our tax rate and materially affect our results of operations.



## PART I

### ITEM 1. BUSINESS

#### Overview

Headquartered in Austin, Texas, Atlas Technical Consultants, Inc. (the “Company”, “we”, or “Atlas” and formerly named Boxwood Merger Corp. (“Boxwood”)) is an infrastructure and environmental solutions company and leading provider of professional testing, inspection, engineering, environmental, program management and consulting services, offering solutions to public and private sector clients in the transportation, commercial, water, government, education, industrial, healthcare and power markets. Our customers include government agencies (federal, state and local), quasi-public entities, schools, hospitals, utilities and airports, as well as private sector clients across many industries.

With approximately 145 offices located throughout the United States, we provide a broad range of mission-critical technical services, helping our clients test, inspect, plan, design, certify and manage a wide variety of projects across diverse end markets.

We act as a trusted advisor to our clients, helping clients design, engineer, inspect, manage and maintain civil and commercial infrastructure, including roads and bridges, servicing existing structures as well as helping to build new structures. However, we do not perform any construction and do not take any direct construction risk. As such, our services require limited amounts of capital expenditures.

We provide a broad range of mission-critical technical services, ranging from providing inspection services in small projects to managing significant aspects of large, multi-year projects. For the year ended December 31, 2021, we:

- performed approximately 40,500 projects, with average revenue per project of \$10,000 or less; and
- delivered approximately 90% of our revenue under “time & materials” and “cost-plus” contracts.

We have long-term relationships with a diverse set of clients, providing a base of repeating clients, projects and revenues. Approximately 90% of our revenues were derived from clients that have used our services at least twice in the past three years and more than 95% of our revenues were generated from client relationships longer than ten years, with greater than 25% of revenues generated from relationships longer than thirty years. Examples of such long-term customers include the Georgia and Texas Departments of Transportation, U.S. Postal Service, U.S. Environmental Protection Agency, Gwinnett County Georgia, New York City Housing Authority, Stanford University, Port of Oakland, United Rentals, Inc., Speedway, Walmart Inc., and Apple Inc.

Our services require a high degree of technical expertise, as our clients rely on us to provide testing, inspection and quality assurance services to ensure that structures are designed, engineered, built and maintained in accordance with building codes, regulations and the highest safety standards. As such, our services are delivered by a highly-skilled, technical employee base that includes engineers, inspectors, scientists and other field experts. As of December 31, 2021, our technical staff represented nearly 80% of our approximately 3,450 employees. Our services are typically provided under contracts, some of which are long-term with long lead times between when contracts are signed and when our services are performed. As such, we have a significant amount of contracted backlog, providing for a high degree of visibility with respect to revenues expected to be generated from such backlog. As of December 31, 2021, our contracted backlog was estimated to be approximately \$808 million. See “— Backlog” below for additional information relating to our backlog.

For the year ended December 31, 2021, we recognized approximately \$538.8 million of gross revenues, (\$29.7) million of net (loss), and \$73.2 million of adjusted EBITDA.

## Company History

Since our inception, we have strategically strengthened our capabilities and widened our footprint through organic growth and acquisitions of premier national and large regional technical service companies to create an industry-leading platform. Prior to the consummation of the Atlas Business Combination (as defined in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview”), in 2017, we sequentially acquired three regional market leaders in each of Texas (PAVETEX Engineering LLC), Georgia (Moreland Altobelli Associates, LLC), and California (Consolidated Engineering Laboratories (“CEL”). These businesses established our core services and capabilities. In 2018, we further augmented our core services and regional leadership through the acquisitions of Piedmont Geotechnical Consultants (Georgia) and SCST, Inc. (California). In January 2019, we acquired ATC Group Services LLC, an environmental and engineering consulting services company with over 1,700 employees across North America. In the year-ended December 31, 2020, we acquired: (i) Long Engineering LLC (“LONG”), a land surveying and engineering company headquartered in Atlanta, Georgia; (ii) Alta Vista Solutions (“Alta Vista”), a key provider of transportation-related testing and inspection services headquartered in Oakland, California; and (iii) WesTest LLC (“WesTest”), a key provider of transportation-related testing and inspection services headquartered in Lakewood, Colorado. In the year-ended December 31, 2021, we acquired (i) Atlantic Engineering Laboratories, Inc. and Atlantic Engineering Laboratories of New York, Inc. (“AEL”), a full-service materials testing and inspection firm providing on-site quality control and quality assurance services in New York and New Jersey and (ii) O’Neill Services Group (“O’Neill”), a quality assurance and environmental services firm that services clients throughout the Pacific Northwest. As a result of these acquisitions of key providers of technical services, we continue to expand our national platform.

Prior to February 14, 2020, Boxwood was a special purpose acquisition company incorporated in Delaware on June 28, 2017. On February 14, 2020, the Company consummated the Atlas Business Combination pursuant to the Purchase Agreement. Following the consummation of the Atlas Business Combination, the combined company is organized in an “Up-C” structure in which the business of Atlas Intermediate Holdings LLC (“Atlas Intermediate”) and its subsidiaries is held by Atlas TC Holdings LLC (“Holdings”) and will continue to operate through the subsidiaries of Atlas Intermediate, and in which the Company’s only direct assets will consist of Holdings Units. The Company is the sole manager of Holdings in accordance with the terms of the Amended and Restated Limited Liability Company Agreement of Holdings (the “Holdings LLC Agreement”) entered into in connection with the consummation of the Atlas Business Combination.

## Our Core Values



We strive to be the most sought-after infrastructure and environmental solutions provider, known for our unique values-driven approach and brought to life by the industry’s most exceptional people.

At Atlas, we apply the following core values in all that we do:

- **Life** — *We enhance quality of life. We value people and safety above all else.*
- **Heart** — *As our hallmarks, we act with compassion, empathy and respect.*
- **Trust** — *We work together as partners, doing what we say with full accountability.*
- **Mastery** — *Always striving for the highest quality, we ensure greatness inspires all our work.*

## Focus on Sustainability and the Environment

As an infrastructure and environmental solutions provider, we are committed to applying our expertise and values to help our clients to improve sustainable infrastructure and ensure a safe and healthy environment through the services we provide. We aim to assist our clients in the effective management of their environmental risks, including those related to climate change, while also minimizing our own environmental footprint.

Through our transportation and infrastructure services, we are committed to the continuous evaluation of opportunities and implementation of solutions to maximize energy efficiency, renewable energy and low-carbon technologies. Additionally, we aim to help our clients manage and respond to climate-related impacts through our disaster response and recovery services, while also contributing to community resiliency through our engineering and design services.

## Industry Overview

We operate within the broader U.S. infrastructure services market, providing a diversified set of technical services to a variety of end markets. Services include, but are not limited to, testing, inspection and certification, environmental services, engineering and design and program management, construction management and quality management. The relevant addressable market for U.S. infrastructure and construction testing, inspection and certification (“TIC”) and environmental consulting is an estimated \$30 billion and growing. Our clients and projects vary in size and scope and come from all sectors including U.S. federal, state, municipal and local governments, quasi-public and private clients from the education, healthcare and utilities industries, and large multinational corporations and others.

Historically, the infrastructure and construction, TIC and environmental consulting industry have exhibited growth corresponding with market tailwinds, including heightened expenditure on public infrastructure, increasing complexity of regulatory requirements, aging transportation, water and utility systems and growing outsourcing trends among public agencies and private entities. In addition to market tailwinds, the industry has additional growth potential as TIC and quality assurance continue to increase as a percentage of overall construction value.

The following key market tailwinds are expected to drive future demand for U.S. infrastructure and construction TIC and environmental consulting:

- **Aging infrastructure.** The majority of U.S. transportation, water and utility networks are over 50 years old, requiring an estimated \$5.9 trillion of spending through 2029. Roughly 43% of public roadways in the United States are in poor or mediocre condition, 7.5% of bridges are structurally deficient (and over 94,000 additional bridges nationwide have inadequate clearances or approaches), 70% of all dams will be over 50 years old by 2030 and the majority of the U.S. electric grid was built in the mid-20<sup>th</sup> century, with an intended lifespan of 50 years.
- **Shift towards outsourcing.** Private and public entities are increasingly outsourcing construction and environmental services in an effort to reduce costs, decrease staffing levels, provide specialized solutions and avoid non-compliance. Approximately 40% of testing and inspection services are outsourced, with the overall market for these services growing at approximately 8% year-over-year.
- **Increased public spending.** Over the past several years, the U.S. Congress has passed legislation aimed at increasing transportation infrastructure spend in key markets. For example, the Fixing America’s Surface Transportation Act (the “FAST Act”), passed in 2015, will continue to provide near-term funding support, as the Highway Trust Fund has enough funding to cover large outlays through 2021. Approximately \$3.5 trillion in infrastructure funding has been approved through 2029, with approximately \$1.37 trillion of that total allocated to surface transportation.

Additionally, President Biden signed the *Infrastructure Investment and Jobs Act* into law on November 15, 2021, which aims to revamp transportation, utilities and broadband. Included in the law is \$550 billion of spending over the next five years with emphasis on roads, bridges, other major transportation projects, passenger and freight rail, public transit, airports and improvements to state and local water quality.

- **Expanding state & local transportation spend.** Combined state and local spending for transportation infrastructure increased from \$260 billion in 2014 to a projected \$300 billion in 2021 and is expected to grow at a compound annual growth rate (“CAGR”) of approximately 4% through 2023. The top three states in projected transportation infrastructure spend for 2021, California, New York and Texas, account for approximately 33% of all state and local spending nationwide and represents markets where the Company has a presence.
- **Rising Environmental Expenditures.** Health, safety and environmental (“HSE”) regulations have generally become increasingly stringent and complex over time amid heightened awareness of environmental issues by regulatory bodies and consumers. U.S. environmental consulting expenditures are expected to increase from \$31 billion in 2020 to \$41 billion in 2026. On a major infrastructure project, our services can range between 3-7% of the total project’s cost.

## End Markets

The end markets we serve are characterized by various public and private clients that are faced with deteriorating asset conditions, outdated systems and expanding regulations. We operate across the entire built environment for a variety of end markets including, but not limited to, transportation, commercial, education, industrial, environmental, water, healthcare and power. Each of these end markets are experiencing tailwinds that drive ongoing maintenance and capital investment.

**Transportation.** The U.S. transportation market has experienced broad increases in federal funding for U.S. Department of Transportation initiatives. Additionally, there is a renewed focus by the current U.S. presidential administration on infrastructure investment and a growing number of government projects focused on roads, bridges and airports. The current installed transportation base is aging and both public and private entities are increasingly outsourcing testing, inspection and program management services for their assets. At the state level, our presence in Georgia, Texas, California and New York positions us to capitalize on the potential increase in infrastructure funding in these states, as these states in particular have historically demonstrated higher than average investment in transportation infrastructure. Illustrative projects in the transportation market include airports, bridges, tollways, railways, highways, waterways, ports, tunnels, pedestrian routes and others.

**Commercial.** Asset operators are faced with increasing complexity of, and scrutiny around, regulatory requirements, which is driving demand for turnkey solutions and the professionalization of maintenance services. Additionally, corporations are increasing investment in information technology and smart-building features, frequently undergoing corporate relocations, and exhibiting a need for bespoke and unique facilities. The increase in outdated facilities alongside new technological and logistical needs has driven additional spend for warehouse and distribution facilities, as well as development spend across sports, recreation and stadiums. Illustrative projects in the commercial market include healthcare facilities, offices, multi-family properties, retail outlets, data centers, corporate headquarters, parking structures and religious facilities.

**Education.** Population growth and increasing access to education is driving enrollments and creating a need for new and updated facilities. Academic institutions are placing a growing focus on environmental impacts and sustainability as seen through the implementation of smart- and green-building technologies. Illustrative projects in the education market include colleges, universities, K-12 facilities, service academies, stadiums, athletic facilities, research facilities and theatres.

**Industrial and Environmental.** New quality, health, safety and environmental regulations are driving demand for compliance systems and services in industrial businesses. Extreme weather requires services such as hurricane, storm and flood clean-up efforts as seen in the Carolinas, Florida and Texas. Illustrative projects in the industrial and environmental markets include manufacturing, refineries, agricultural, utilities, petrochemicals, nuclear, midstream, disaster response and mitigation, and pulp and paper.

**Water.** Broadening stress on the U.S. water network from outdated systems, population growth and extreme weather patterns has resulted in systems that are approaching the end of their useful lives. The aging water infrastructure must also be renovated to meet expanding government regulations and energy-efficiency standards. Illustrative projects in the water market include dams, levees, recycling facilities, drinking water, storage, inland waterways, wastewater and treatment plants.

**Government.** Over time, municipalities, local, state and federal governments are increasingly tasked with the mandate to operate on leaner, more efficient budgets. We understand the many challenges associated with development, transportation and land-use for the government sector and we use our in-depth knowledge of social, political, and economic conditions to deliver sustainable projects to the communities that we serve. We partner with our clients and all stakeholders to ensure the cost-effective use of public funds and deliver better public infrastructure projects from concept to completion. Illustrative projects include program, construction and quality management projects for county, state and federal governments, disaster relief coordination and engineering and design of roadways and bridges.

**Healthcare.** From acute care hospitals to alcohol and drug treatment units, we provide services to assist our clients' compliance with the Joint Commission Environment of Care, Centers for Disease Control and Prevention (CDC), and other applicable regulatory standards. Our nationwide network enables us to mobilize quickly, often avoiding disruption to our clients' staff and patient populations. Illustrative projects include asset tagging, compliance assessment and permitting, construction materials testing, and site assessments.

**Power.** Whether our clients are considering new generation development, movement away from unregulated markets with renewed investment in regulated transmission and distribution, or retirement of older, less efficient generating assets, we understand the complexities of grid improvement and expansion projects and are poised to provide services such as siting and corridor studies, permitting, and real estate/right-of-way acquisition support. We assist our clients in determining where to add capacity, plan for construction, or build a new power plant, solar array, or wind turbine field. After construction, we are positioned to support the long-term safe and regulatory compliant operation of power assets. Illustrative projects include renewable development support services, environmental services, compliance assessment and permitting and construction management.

## Service Lines

### *Testing, Inspection and Certification (“TIC”)*

Any time a structure in the built environment is designed, built, repaired, refurbished or sold, our clients require critical path services to ensure infrastructure compliance, quality and integrity. We offer a comprehensive suite of TIC services to support a vast array of assets across different types, stages of life and end markets. In 2021, our TIC services represented approximately 32% of our revenues.

Illustrative services include:

- construction materials testing, including product evaluations and factory quality control services;
- non-destructive testing and evaluations, materials testing and inspection, laboratory services and geophysics;
- construction quality assurance, including quality plan development, construction engineering and inspection, and source and field inspections;
- owner verification & inspection (OVTI);
- forensic & structural investigations; and
- materials laboratory services.

### *Environmental Services*

Safeguarding the environment requires proactively providing sustainable solutions while understanding and assisting our clients in complying with current regulatory demands. We utilize our technical staff, specialized equipment, and long-term relationships to manage a broad range of our clients’ environmental needs and assist our clients in overcoming environmental and regulatory challenges across a wide range of industries. By integrating environmental management into our clients’ business plans and goals, we endeavor to assist them in reducing potential crisis management costs and liabilities, thereby allowing them to focus on their core competencies and improve the health and livability of their communities. We provide comprehensive solutions to our clients’ most challenging ecological issues. Through our highly trained team of engineers, geologists, hydrogeologists, archaeologists, inspectors and other specialty environmental professionals, we have the capability to manage every aspect of a project’s environmental needs. In 2021, environmental services represented roughly 38% of our revenues.

Illustrative services include:

- environmental permitting, compliance assistance, auditing and compliance management system implementation;
- air quality;
- water, hazardous material permitting and registration;
- underground storage tank management;
- leak detection and repair (LDAR) program management;
- water resource management;
- industrial hygiene and building science services; and
- disaster response and recovery.

### ***Engineering and Design (“E&D”)***

We offer a full-service suite of civil, transportation, structural and architectural solutions for clients ranging from private developers to large federal agencies. We utilize our specialized expertise across a variety of disciplines to offer technical and project management solutions in order to assist clients in meeting their most demanding, large-scale challenges.

Our service offerings in E&D rest upon a foundation of years of experience in the design of a broad range of transportation and civil infrastructure projects, strong lines of communication, qualified planning and design professionals, and meticulous quality control measures throughout all stages of a project’s development. Our practice of knowledge-sharing among team members promotes continuous improvement of operations and is intended to provide maximum value for the client and reduce the likelihood of unforeseen problems during construction. Our E&D business has likewise been involved in supporting transportation and infrastructure work. In 2021, E&D represented 15% of our revenues.

Illustrative services include:

- civil site, transportation and geotechnical engineering;
- hydrogeology;
- water/wastewater;
- solid waste/landfill;
- land acquisition services;
- subsurface utility engineering (SUE);
- surveying & mapping; and
- geographic information system (GIS) asset inventory & assessments.

### ***Program Management/Construction Management/Quality Management (“PCQM”)***

We provide public and private sector clients with comprehensive support in managing large-scale improvement programs. We believe in a strong work ethic of transparency and collaboration between all parties involved and are uniquely connected to the communities we serve.

Our program management experience spans a broad spectrum of industries including hospitality, healthcare, education, industrial and municipal projects throughout the United States for both public and private sector clients. We are involved with projects totaling more than \$2 billion of in-place construction, and we manage large and small-scale facility improvement programs and multi-year local option sales tax programs and provide comprehensive program support. We work hand-in-hand with governments and institutions during each stage of a capital improvement program. In 2021, our PCQM service offerings made up roughly 15% of our revenues.

Illustrative services include:

- programmatic planning & phasing;
- contract document preparation;
- bid evaluation & award analysis;
- alternative/value engineering;

- project estimating & scheduling;
- project cost/schedule control;
- contract administration;
- project management;
- community relations/affairs;
- asset management;
- construction management services;
- quality management and assurance; and
- construction engineering & inspection (CEI).

### **Key Clients and Projects**

We currently serve over 10,000 different clients annually. While our ten largest clients accounted for approximately 19% of our consolidated revenue during the fiscal year ended December 31, 2021, no single client accounted for more than 10% during that period. Although we serve a highly diverse client base, approximately 50% of our net revenues were attributable to public and quasi-public sector clients. In this regard, public sector clients include U.S. federal, state and local government departments, agencies, systems and authorities, including Departments of Transportation, educational systems and public housing authorities, while quasi-public sector clients include utility service providers and energy producers. Of our private sector clients, our largest clients are commercial companies and contractors. Although we anticipate public and quasi-public sector clients to represent the majority of our revenues for the foreseeable future, we intend to continue expanding our service offerings to private sector clients.

During our history in the testing and inspection business, we have worked with such clients on such well-known projects as (in alphabetical order):

- Apple Campus II (*Cupertino, California*)
- Golden Gate Bridge (*San Francisco, California*)
- Ground Zero Recovery (*New York, New York*)
- Harbor Bridge (*Corpus Christi, Texas*)
- The Grand Waikikian by Hilton (*Honolulu, Hawaii*)
- Hurricane Katrina Recovery (*Louisiana*)
- Northwest Corridor Express Lanes (*Georgia*)
- Stanford University Hospital (*Stanford, California*)

## Contracts

We enter into contracts that contain two principal types of pricing provisions: (1) time and materials/cost-reimbursable; and (2) fixed price. For the year ended December 31, 2021, approximately 90% of our revenue was recognized from time and materials/cost-reimbursable contracts, with approximately 10% from fixed price contracts.

*Cost-reimbursable contracts.* Cost-reimbursable contracts consist of the following:

- “Time & materials” contracts are common for smaller scale professional and technical consulting and certification service projects. Under these types of contracts, there is no predetermined fee. Instead, we negotiate hourly billing rates and charge our clients based upon actual hours expended on a project. In addition, any direct project expenditures are passed through to the client and are typically reimbursed. These contracts may have an initial not-to-exceed or guaranteed maximum price provision.
- “Cost-plus” contracts are the predominant contracting method used by U.S. federal, state and local governments. Under these types of contracts, we charge clients for our costs, including both direct and indirect costs, plus a negotiated fee. The estimated cost plus the negotiated fee represents the total contract value.

*Fixed price.* Fixed price contracts consist of the following:

- Fixed price contracts require us to either perform all of the work under the contract for a specified lump sum or to perform an estimated number of units of work at an agreed price per unit, with the total payment determined by the actual number of units performed. Fixed price contracts are subject to price adjustments if the scope of the project changes or unforeseen conditions arise. Fixed price contracts expose us to a number of risks not inherent in “cost-plus” and “time & materials” contracts, including underestimation of costs, ambiguities in specifications, unforeseen costs or difficulties, problems with new technologies, delays beyond our control, failures of subcontractors to perform and economic or other changes that may occur during the contract period. Many of our fixed price contracts relate to small value services, such as individual unit or very small quantity testing or inspection.

Revenues from engineering services are recognized in accordance with the accrual basis of accounting. Revenues under cost-reimbursable contracts are recognized when services are performed or over time.

## Backlog

As of December 31, 2021, we had \$808 million of backlog, of which \$485 million, or approximately 60%, is expected to be recognized over the next twelve months and the majority of the balance over the next 24 months.

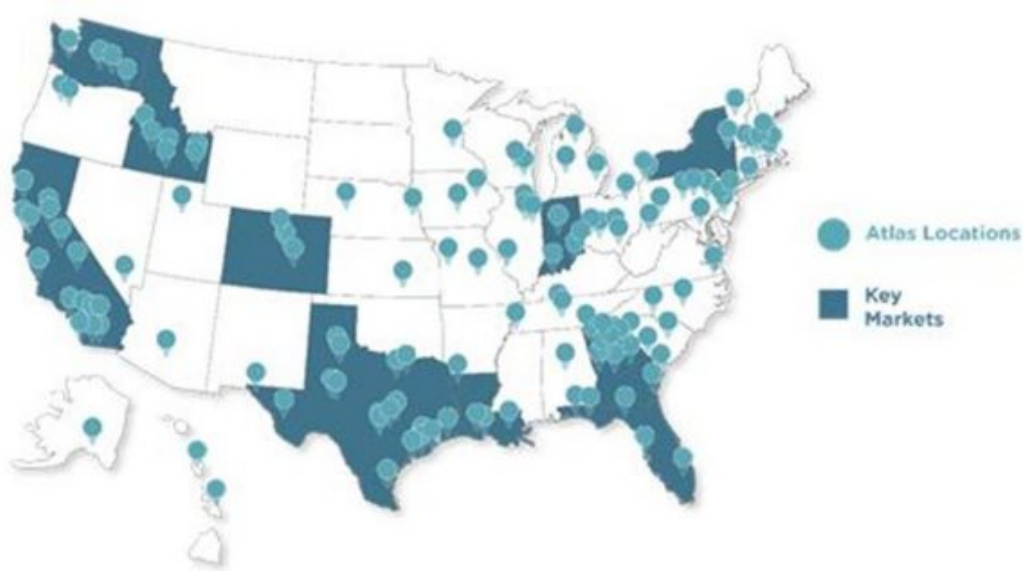
We analyze our backlog, which we define to include the total estimated future revenue streams associated with fully executed contracts as well as an estimate of highly probable revenues from recurring, task order-based contracts. Our contracted backlog includes revenue we expect to record in the future from signed contracts. In order to calculate backlog, we determine the amounts for contracted projects that are fully funded, and then determine the respective revenues expected to be realized upon completion of work. We use backlog to evaluate Company revenue growth as it typically follows growth in backlog. As backlog is not a defined accounting term, our computation of backlog may not be comparable with that of our peers. In addition, project cancellations and scope adjustments may occur from time to time. For example, certain contracts are terminable at the discretion of the client, with or without cause. These types of backlog reductions could adversely affect our revenue and margins. Our backlog for the period beyond the next twelve months may be subject to variation from the prior year as existing contracts are completed, delayed or renewed or new contracts are awarded, delayed or canceled. In addition, our contracts may contain option periods which must be evaluated. Accordingly, our backlog as of any particular date is an uncertain indicator of future earnings.



## Offices

Our principal executive offices are located at 13215 Bee Cave Parkway, Building B, Suite 230, Austin, Texas 78738, which we have leased through October 2024 with annual lease terms of \$0.4 million plus operating expenses over the life of the lease. We do not own any significant real property. We currently operate out of approximately 145 leased locations. Our lease terms vary from month-to-month to multi-year commitments. We do not consider any of these leased properties to be materially important to our overall operations. While we do believe it is necessary to maintain offices through which our services are coordinated, we feel there are an ample number of available office rental properties that could adequately serve our needs should we need to relocate or expand our operations.

### Atlas Geographic Footprint



## Human Capital Management

At Atlas, our employees are our assets; they are the very foundation of our success, the heart of our organization and the drivers of our future potential. As of December 31, 2021, we had approximately 3,450 employees, approximately 85% of which were full-time employees and approximately 80% of which represent technical staff with specialized expertise such as engineers, inspectors, scientists and other field experts. We consider our employee relations to be good.

Our employee attrition rate for 2021 among all staff, part-time and full-time, was approximately 20%. To date, we have been able to locate and engage highly qualified employees as needed and we do not expect our growth efforts to be constrained by a lack of qualified personnel. However, our ability to attract, retain, engage and support a diverse and highly qualified workforce is essential to our future success. As such, we prioritize diversity within our employee population and proactively foster a culture of inclusion throughout our organization, and we place the health, safety and wellbeing of our employees above all else.

### *Focus on Diversity, Equity and Inclusion*

To achieve our vision we seek to hire, develop, and promote a talented and diverse team of professionals nationwide. We believe leveraging the power of our different backgrounds, beliefs, perspectives and capabilities creates value for our Company and our shareholders.

At Atlas, we define diversity, equity and inclusion as follows:

- **Diversity** is the presence of employees of different gender, race, ethnicity, sexual orientation, age, socio-economic status, and physical/mental abilities.
- **Equity** is the promotion of impartiality and fairness within procedures, processes, distribution of resources, and access to promotion and development.
- **Inclusion** is an ongoing commitment to ensure all Atlas employees experience a welcoming work environment that is devoid of discrimination and bias.

In the third quarter of 2020, we formed the Atlas Diversity, Equity and Inclusion Council (the “DE&I Council”) comprised of employee representatives from varying backgrounds, geographic regions, functional groups and levels of seniority within our organization to focus on diversity, equity and inclusion strategy development, initiative execution and measurement of outcomes. The DE&I Council’s work is streamlined into three targeted programs: Employee Resources, Talent & Training and Community Outreach.

In the first quarter of 2021, we appointed Jamie Myers as our Chief Diversity Officer and launched seven employee resource groups (“ERGs”), which are voluntary, employee-led groups that strive to foster a diverse, inclusive workplace aligned with our core values. Our ERGs exist to provide support, career development and networking opportunities as well as create a safe space where employees can be their authentic selves. Each ERG is open to all employees and cross-collaboration across ERGs is encouraged. When we work together to foster an open, diverse workplace, mentoring and support can reshape our inclusive culture.

### Atlas Employee Resource Groups



**LGBTQ**



**Military Veterans**



**Minorities**



**Parents & Caregivers**



**Professionals with Disabilities**



**Women in Business**



**Young Professionals**

## ***Employee Health, Safety and Wellbeing***

We place the health, safety and wellbeing of our employees above all else in our business and operations. We are committed to providing a safe and healthy work environment for our team and aim to reduce risks and hazards throughout all of our offices and operations. We are committed to mitigating risks by providing health and safety training for all employees and communicating our health and safety practices throughout our business. We also comply with all applicable health and safety requirements and regulations at the local, state and national levels throughout all operations and projects.

At Atlas, we continuously emphasize the three underlying principles of safety:

- ***Think Safe***: make safety a thought before starting any activity or job;
- ***Work Safe***: make safety a part of our culture; and
- ***Live Safe***: make safety a lifestyle.

The overall wellbeing, including the mental health, of our employees is of utmost important to us. We provide an Employee Assistance Program free of charge to all employees, through which a third party provider offers confidential guidance for personal issues that employees may be facing, including substance abuse, mental health, work, familial, financial and legal matters.

## **Competition**

The U.S. infrastructure and construction TIC and environmental consulting market is generally highly fragmented and competitive due to the breadth of services offered and the technical complexity needed to meet increasingly stringent regulatory standards.

Industry participants compete on the strength of client relationships, expertise in local markets, technical capabilities, reputation for quality of service and reliability, and price. The ability to compete effectively also depends on employing highly skilled, qualified personnel to meet technical qualification and staffing requirements.

Barriers to entry in the industry are created by the requirement for technical capabilities, a reputation for expertise and reliability and deep relationships with both clients and prime contractors. Scale and breadth of service offerings can also be a barrier to entry for companies that do not have adequate resources or capacity to complete complex and large-scale projects. Customers are increasingly emphasizing safe work practices by placing a premium on limiting liability, creating an additional barrier to entry for those who cannot demonstrate a safety record at or above industry standards.

The firms operating in our industry range from large, global companies with broad service offerings to small-scale providers that typically service regional markets or offer specialized, niche services. Competitive dynamics in the industry are variable across end markets, localities, geographies and types and scopes of services, among other factors. With respect to engineering and design, we view our principal competitors to be AECOM, Jacobs Engineering Group Inc., NV5 Global, Inc., Parsons Corporation, Stantec Inc., Tetra Tech, Inc. and WSP Global Inc. In the area of testing and inspection, we view our principal competitors to be Applus Services, S.A., ALS Limited, Bureau Veritas S.A., Intertek Group plc and SGS S.A. With respect to professional services, we view our principal competitors to be Accenture plc, Booz Allen Hamilton Inc., CGI Inc., FTI Consulting, Inc., Huron Consulting Group Inc. and ICF International, Inc. In all of the aforementioned industries there are also other small- and mid-sized regional players with whom we compete. Our ability to compete successfully depends upon the effectiveness of our marketing efforts, the strength of our client relationships, our ability to accurately estimate costs, the quality of the work we perform, our ability to hire and train qualified personnel and our ability to obtain insurance on commercially reasonable terms.

## **Information About Our Executive Officers**

Incorporated by reference from our definitive proxy statement for the 2022 Annual Meeting of Stockholders, to be filed within 120 days of our fiscal 2021 year end.

## Seasonality

Due primarily to inclement weather conditions, which lead to project delays and slower completion of contracts, and a greater number of holidays in the United States, our operating results during the months of December, January and February are generally lower than our operating results during other months. As a result, our revenue and net income for the first and fourth quarters of a fiscal year may be lower than our results for the second and third quarters of a fiscal year.

## Insurance and Risk Management

We maintain insurance covering professional liability and claims involving bodily injury and property damage. We consider our present limits of coverage, deductibles and reserves to be adequate. Wherever possible, we endeavor to eliminate or reduce the risk of loss on a project through the use of quality assurance and control, risk management, workplace safety and similar methods.

Risk management is an integral part of project management. We have a strict project review framework including escalation to senior management for any fixed price contracts above \$5 million.

## Regulation

We are regulated in a number of fields in which we operate. We contract with various U.S. governmental agencies and entities, and when working with such governmental agencies and entities, we must comply with laws and regulations relating to the formation, administration and performance of contracts. These laws and regulations contain terms that, among other things:

- require certification and disclosure of all costs or pricing data in connection with various contract negotiations;
- impose procurement regulations that define allowable and unallowable costs and otherwise govern our right to reimbursement under various cost-based U.S. government contracts; and
- restrict the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

To help ensure compliance with these laws and regulations, employees are sometimes required to complete tailored ethics and other compliance training relevant to their position and our operations.

## Legal and Environmental

From time to time, we are subject to various legal proceedings that arise out of our normal course of business or otherwise. We are not currently a party to any legal proceedings that, individually or in the aggregate, are expected to materially impact our business, financial position, results of operations and cash flows, taken as a whole.

We must comply with a number of federal, tribal, state and local laws and regulations that strictly regulate the handling, removal, treatment, transportation and disposal of toxic and hazardous substances, or that otherwise relate to health and safety or the protection of the environment. Liabilities related to environmental contamination or human exposure to hazardous substances, or a failure to comply with applicable regulations, could result in substantial costs, including clean-up costs; fines and administrative, civil or criminal sanctions; third-party claims for property damage or personal injury; or implementation of remediation activities, including investigation, assessment and short- or long-term monitoring activities.

## Available Information

We make available free of charge on our website, [www.oneatlas.com](http://www.oneatlas.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as soon as reasonably practicable after we electronically file such information with, or furnish it to, the SEC. These documents are also available on the SEC's website at [www.sec.gov](http://www.sec.gov). The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any of our other filings with the SEC.

## ITEM 1A. RISK FACTORS

### RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this Annual Report on Form 10-K, as these risks could have a material adverse effect on our business, results of operations and financial condition.

Additionally, the risks and uncertainties described in this Annual Report on Form 10-K are not the only risks and uncertainties that we may face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. Furthermore, the ongoing global pandemic related to COVID-19 may amplify many of the risks discussed below to which we are subject and, given the unpredictable, unprecedented and fluid nature of the pandemic, it may materially and adversely affect us in ways that are not anticipated by or known to us or that we do not currently consider to present significant risk. Therefore, at this time, we are unable to estimate the extent to which the pandemic and its related impacts will adversely affect our business, financial condition and results of operations.

#### Risks Relating to Our Business and Industry

*Outbreaks of communicable diseases, including the ongoing global pandemic related to COVID-19, have had an adverse effect on our business, financial condition and results of operations and could in the future have, directly or indirectly, a material adverse effect on our business, financial condition and results of operations. The duration and extent to which this will impact our future financial condition and results of operations remains uncertain.*

Global or national health concerns, including the outbreak of a pandemic or contagious disease, can negatively impact the global economy and, therefore, demand and pricing for our services. For example, the outbreak of the COVID-19 pandemic and the measures being taken to address and limit the spread of the virus have adversely affected the U.S. economy and financial markets, resulting in an economic downturn that has negatively impacted the demand for our services. In response to market conditions, during the second quarter of 2020, we reduced our workforce through various actions. The full impact of the COVID-19 outbreak continues to evolve.

Furthermore, the COVID-19 pandemic also raises the possibility of an extended global economic downturn and has caused volatility in financial markets, which could affect demand for our services and impact our financial condition and results of operations even after the pandemic is fully contained. For example, if a client's financial difficulties become severe, the client may be unwilling or unable to pay our invoices in the ordinary course of business, which could adversely affect collections of both our accounts receivable and unbilled services. We continue to monitor the impact of the COVID-19 pandemic on our cash flows and on the credit and financial markets.

As a safety focused organization, since the outbreak of COVID-19 and continuing throughout the beginning of 2021, we have encouraged our employees to work from home wherever possible and to honor all shelter in place rules put forth by their state or local governments. As a result, we may have increased cybersecurity and data security risks, due to increased use of home Wi-Fi networks and virtual private networks, as well as increased disbursement of physical machines. While we continue to implement information technology controls to reduce the risk of a cybersecurity or data security breach, there is no guarantee that these measures will be adequate to safeguard all systems with an increased number of employees working remotely.

We are currently monitoring, and will continue to monitor, the safety of our employees during the COVID-19 pandemic. We are evaluating, and will continue to evaluate, the impact of COVID-19 on current projects, but the full effects of COVID-19 on our operations are still unknown. The duration and extent of the impact from the COVID-19 pandemic continues to be evaluated by governments and experts and depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions, the long-term efficacy of COVID-19 vaccines, the emergence of new strains of the virus and the impact of these and other factors on our employees and clients. In the event of a reinstatement of shelter-in-place orders within the cities and municipalities where we operate, our future results could be further negatively impacted and could result in the re-designation of infrastructure spending to other uses. Disruptions to capital markets due to the uncertainty surrounding the length and severity of the COVID-19 pandemic could also delay the timing of our customers' capital projects.

***Our business strategy relies in part on acquisitions to sustain our growth. Acquisitions of other companies present certain risks and uncertainties.***

Our business strategy involves growth through, among other things, the acquisition of other companies. We may finance these acquisitions or other strategic investments with cash, the issuance of equity or equity-linked securities or a combination of the foregoing, and therefore any such acquisition or strategic investment could be dilutive to our existing stockholders. We try to acquire companies that we believe will strategically fit into our business and growth objectives, including, for example, our acquisition of ATC Group Services LLC in January 2019, LONG in February 2020, Alta Vista in September 2020, WesTest in December 2020, AEL in April 2021 and O’Neill in July 2021. We are continuously evaluating multiple acquisition or strategic investment opportunities, some of which may be material to our results of operations and financial condition. If we are unable to successfully integrate and develop acquired businesses, we could fail to achieve anticipated synergies and cost savings, including any expected increases in revenues and operating results, which could have a material adverse effect on our financial results.

We may not be able to identify suitable acquisition or strategic investment opportunities or may be unable to obtain the required consent of our lenders and, therefore, may not be able to complete such acquisitions or strategic investments. We may incur expenses associated with sourcing, evaluating and negotiating acquisitions (including those that we do not complete), and we may also pay fees and expenses associated with financing acquisitions to investment banks and other advisors. Any of these amounts may be substantial, and together with the size, timing and number of acquisitions we pursue, may negatively affect and cause significant volatility in our financial results.

In addition, we have assumed, and may in the future assume, liabilities of the company we are acquiring. While we retain third-party advisors to assist with due diligence and consult on potential liabilities related to these acquisitions, there can be no assurances that all potential liabilities will be identified or known to us. If there are unknown liabilities or other unforeseen obligations, our business could be materially adversely affected.

***We cannot assure you that we will achieve synergies and cost savings in connection with prior or future acquisitions.***

We actively pursue acquisition opportunities consistent with our growth strategy. We may not achieve anticipated cost savings in connection with prior or future acquisitions within the anticipated time frames or at all. A variety of risks could cause us not to realize some or all of these expected benefits. These risks include, among others, higher than expected standalone overhead expenses, delays in the anticipated timing of activities related to cost saving initiatives and the incurrence of other unexpected costs associated with operating the acquired business. Moreover, our implementation of cost savings initiatives may disrupt our operations and performance, and our estimated cost savings from such initiatives may be based on assumptions that prove to be inaccurate. If, for any reason, the benefits we realize are less than our estimates or our improvement initiatives adversely affect our operations or cost more or take longer to implement than we project, or if our assumptions prove inaccurate, our results of operations may be materially and adversely affected.

In addition, our operating results from these acquisitions could, in the future, result in impairment charges for any of our intangible assets, including goodwill, or other long-lived assets, particularly if economic conditions worsen unexpectedly. These changes could materially adversely affect our results of operations, financial condition, stockholders’ equity, and cash flows.

***If we are unable to integrate acquired businesses successfully, our business could be harmed.***

As part of our business strategy to pursue accretive acquisitions, we intend to selectively pursue targets that provide complementary, low-risk services and expand our national platform. Our inability to successfully integrate future acquisitions could impede us from realizing all of the benefits of those acquisitions and could weaken our business operations. The integration process of any particular acquisition may disrupt our business and, if implemented ineffectively, may preclude realization of the full benefits expected by us and could harm our results of operations. In addition, the overall integration process may result in unanticipated problems, expenses, liabilities and competitive responses and may cause our stock price to decline.

The difficulties of integrating acquisitions include, among other things:

- unanticipated issues in integration of information, communications and other systems;
- unanticipated incompatibility of logistics, marketing and administration methods;
- maintaining employee morale and retaining key employees;
- integrating the business cultures of both companies;
- preserving important strategic client relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations; and
- coordinating geographically separate organizations.

In addition, even if the operations of an acquisition are integrated successfully, we may not realize the full benefits of such acquisition, including the synergies, cost savings or growth opportunities that we expect. These expected benefits may not be achieved within the anticipated time frame or at all.

Further, we have assumed, and may in the future assume, liabilities of the company we are acquiring. While we retain third-party advisors to assist with due diligence and consult on potential liabilities related to these acquisitions, there can be no assurances that all potential liabilities will be identified or known to us. If there are unknown liabilities or other unforeseen obligations, our business could be materially adversely affected. Acquisitions may also cause us to:

- require our management to expend significant time, effort and resources;
- issue securities that would dilute our current stockholders;
- use a substantial portion of our cash resources;
- increase our interest expense, leverage and debt service requirements if we incur additional debt to fund an acquisition;
- assume liabilities, including environmental liabilities, for which we do not have indemnification from the former owners or have indemnification that may be subject to dispute or concerns regarding the creditworthiness of the former owners;
- record goodwill and non-amortizable intangible assets that are subject to impairment testing on a regular basis and potential impairment charges;
- experience volatility in earnings due to changes in contingent consideration related to acquisition liability estimates;
- incur amortization expenses related to certain intangible assets;
- lose existing or potential contracts as a result of conflict of interest issues;
- incur large and immediate write-offs; or
- become subject to litigation.

***Our continued success is dependent upon our ability to hire, retain and utilize qualified personnel.***

The success of our business and our ability to operate profitably is dependent upon our ability to hire, retain and utilize qualified personnel, including engineers, architects, designers, craft personnel and corporate management professionals who have the required experience and expertise at a reasonable cost. The market for these and other personnel is competitive. From time to time, it may be difficult to attract and retain qualified individuals with the expertise, and in the timeframe, demanded by our clients, or to replace such personnel when needed in a timely manner. In certain geographic areas, for example, we may not be able to satisfy the demand for our services because of our inability to successfully hire and retain a sufficient amount of qualified personnel. Furthermore, some of our personnel hold government-granted clearance that may be required to obtain government projects. If we were to lose some or all of these personnel, they would be difficult to replace. Loss of the services of, or failure to recruit, qualified technical and management personnel could limit our ability to successfully complete existing projects and compete for new projects.

In addition, if any of our key personnel retire or otherwise leave the Company, we must have appropriate succession plans in place and successfully implement such plans, which requires devoting time and resources toward identifying and integrating new personnel into leadership roles and other key positions. Our inability to attract and retain qualified personnel or effectively implement appropriate succession plans could have a material adverse impact on our business, financial condition and results of operations.

The cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. For example, the uncertainty of contract award timing can present difficulties in matching our workforce size with our contracts. If an expected contract award is delayed or not received, we could incur costs resulting from excess staff, reductions in staff, or redundancy of facilities that could have a material adverse impact on our business, financial condition and results of operations.

***Our profitability could suffer if we are not able to maintain adequate utilization of our workforce.***

The cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. The rate at which we utilize our workforce is affected by several factors, including:

- our ability to transition employees from completed projects to new assignments and to hire and assimilate new employees;
- our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographic areas and workforces;
- our ability to manage attrition;
- our need to devote time and resources to training, business development, professional development and other non-chargeable activities;
- our ability to match the skill sets of our employees to the needs of the marketplace;
- potential disengagement of employees if we overutilize our workforce, which would increase employee attrition; and
- conversely, if we underutilize our workforce, our profit margin and profitability could suffer.

***If we are not able to successfully manage our growth strategy, our business operations and financial results may be adversely affected.***

Our expected future growth presents numerous managerial, administrative and operational challenges. Our ability to manage the growth of our operations will require us to continue to improve our management information systems and our other internal systems and controls. In addition, our growth will increase our need to attract, develop, motivate, and retain both our management and professional employees. The inability of our management to effectively manage our growth or the inability of our employees to achieve anticipated performance could have a material adverse effect on our business.



***Construction and maintenance sites are inherently dangerous workplaces. If we, the owner, or others working at a project site fail to maintain a safe work site, we can be exposed to significant financial losses and reputational harm, as well as civil and criminal liabilities.***

Construction and maintenance sites often put our employees and others in proximity to large pieces of mechanized equipment, moving vehicles, chemical and manufacturing processes and highly regulated materials in a challenging environment. If we fail to implement safety procedures, or if the procedures we implement are ineffective, or if others working at the site fail to implement and follow appropriate safety procedures, our employees and others may become injured, disabled or even lose their lives, the completion or commencement of our projects may be delayed and we may be exposed to litigation, investigations, fines, penalties or claims for damages. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our clients and raise our operating and insurance costs. Any of the foregoing could result in financial losses or reputational harm, which could have a material adverse impact on our business, financial condition and results of operations.

In addition, our projects can involve the handling of hazardous and other highly regulated materials, which, if improperly handled or disposed of, could subject us to civil and/or criminal liabilities. We are also subject to regulations dealing with occupational health and safety. Although we maintain functional groups whose primary purpose is to ensure we implement effective HSE work procedures throughout our organization, including construction sites and maintenance sites, the failure to comply with such regulations could subject us to liability. In addition, despite the work of our functional groups, we cannot guarantee the safety of our personnel or that there will be no damage to or loss of our work, equipment or supplies.

Our safety record is critical to our reputation. Many of our clients require that we meet certain safety criteria to be eligible to bid for contracts, and many contracts provide for automatic termination or forfeiture of some or all of our contract fees or profits in the event that we fail to meet certain measures. Accordingly, if we fail to maintain adequate safety standards, we could suffer reduced profitability or the loss of projects or clients, which could have a material adverse impact on our business, financial condition and results of operations.

***Demand from clients is cyclical and vulnerable to economic downturns. If the economy weakens or client spending declines, our financial results may be impacted.***

Demand for services from our clients is cyclical and vulnerable to economic downturns, which may result in clients delaying, curtailing or canceling proposed and existing projects. Our business traditionally lags the overall recovery in the economy. If the economy weakens or client spending declines, then our revenue, profits and overall financial condition may deteriorate.

In addition, if there is an economic downturn, our existing and potential clients may either postpone entering into new contracts or request price concessions. Difficult financing and economic conditions may cause some of our clients to demand better pricing terms or delay payments for services we perform, thereby increasing the average number of days our receivables are outstanding and the potential of increased credit losses on uncollectible invoices. Further, these conditions may result in the inability of some of our clients to pay us for services that we have already performed. Accordingly, these factors affect our ability to forecast our future revenue and earnings from business areas that may be adversely impacted by market conditions.

***Our results of operations depend on the award of new contracts and the timing of the performance of these contracts.***

Our revenues are derived from new contract awards. Delays in the timing of awards or cancellations of such prospects as a result of economic conditions, material and equipment pricing and availability or other factors could impact our long-term projected results. It is particularly difficult to predict whether or when we will receive large-scale projects as these contracts frequently involve a lengthy and complex bidding and selection process, which is affected by several factors, such as market conditions or governmental and environmental approvals. Since a significant portion of our revenues is generated from such projects, our results of operations and cash flows can fluctuate significantly from quarter to quarter depending on the timing of our contract awards and the commencement or progress of work under awarded contracts. Furthermore, many of these contracts are subject to financing contingencies and, as a result, we are subject to the risk that the customer will not be able to secure the necessary financing for the project.

In addition, certain contracts require us to satisfy specific progress or performance milestones in order to receive payment from the customer. As a result, we may incur significant costs for engineering, materials, components, equipment, labor or subcontractors prior to receipt of payment from a customer.

The uncertainty of contract award timing can also present difficulties in matching workforce size with contract requirements. In some cases, we maintain and bear the cost of a ready workforce that is larger than necessary under existing contracts in anticipation of future workforce needs for expected contract awards. If an expected contract award is delayed or not received, we may incur additional costs resulting from reductions in staff or redundancy of facilities, which could have a material adverse effect on our business, financial condition and results of operations.

***The contracts in our backlog may be adjusted, cancelled or suspended by our clients and, therefore, our backlog is not necessarily indicative of our future revenues or earnings. Additionally, even if fully performed, our backlog is not a good indicator of future gross margins.***

Backlog represents the total dollar amount of revenues we expect to record in the future as a result of performing work under contracts that have been awarded to us. As of December 31, 2021, our backlog totaled approximately \$808 million. There is no assurance that backlog will be realized as revenues in the amounts reported or, if realized, will result in profits. In accordance with industry practice, substantially all of our contracts are subject to cancellation, termination or suspension at the discretion of the client. In the event of a project cancellation, we would generally have no contractual right to the total revenue reflected in our backlog. Projects can remain in backlog for extended periods of time depending on the nature of the project and the timing of the services required by the project. The risk of contracts in backlog being cancelled or suspended generally increases during periods of widespread economic slowdowns or in response to changes in commodity prices.

The contracts in our backlog are subject to changes in the scope of services to be provided as well as adjustments to the costs relating to the contracts. The revenue for certain contracts included in backlog is based on estimates. Additionally, the way we perform on our individual contracts can greatly affect our gross margins and future profitability.

***If our clients delay in paying or fail to pay amounts owed to us, our business operations and financial results may be adversely impacted.***

Our accounts receivable are a significant asset on our balance sheet. While we take steps to evaluate and manage the credit risks relating to our clients, economic downturns or other events can adversely affect the markets we serve and our clients' ability to pay, which could reduce our ability to collect amounts due from clients. We may be unable to collect amounts due or damages we are awarded from certain clients, and our efforts to collect such amounts may damage our client relationships. The disruptions caused by the COVID-19 pandemic have heightened the risk that we may not receive payment for services performed. If our clients delay in paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, results of operations, and financial condition.

***Our services expose us to significant risks of liability, and our insurance policies may not provide adequate coverage.***

If we fail to provide our services in accordance with applicable professional standards or contractual requirements, we could be exposed to significant monetary damages or even criminal violations. Our engineering practice, for example, involves professional judgments regarding the planning, design, development, construction, operations and management of industrial facilities and public infrastructure projects. While we do not generally accept liability for consequential damages in our contracts, and although we have adopted a range of insurance, risk management and risk avoidance programs designed to reduce potential liabilities, a catastrophic event at one of our project sites or completed projects resulting from the services we have performed could result in significant professional or product liability, and warranty or other claims against us as well as reputational harm, especially if public safety is negatively impacted. These liabilities could exceed our insurance limits or the fees we generate, may not be covered by insurance at all due to various exclusions in our coverage and self-insured retention amounts, and could impact our ability to obtain insurance in the future or increase the cost of obtaining such insurance. Further, we do not have insurance against all foreseeable risks, either because insurance is not available or because of the high premium cost. Even where coverage applies, the policies have deductibles, which result in our assumption of exposure for certain amounts with respect to any claim filed against us. In addition, clients or subcontractors who have agreed to indemnify us against any such liabilities or losses might refuse or be unable to pay us. An uninsured claim, either in part or in whole, as well as any claim covered by insurance but subject to a high deductible, if successful and of a material magnitude, could have a material adverse impact on our business, financial condition and results of operations.

***Unavailability or cancellation of third-party insurance coverage would increase our overall risk exposure as well as disrupt the management of our business operations.***

We maintain insurance coverage from third-party insurers as part of our overall risk management strategy, and some of our contracts require us to maintain specific insurance coverage limits. If any of our third-party insurers fail, suddenly cancel coverage or are otherwise unable to provide us with adequate insurance coverage, our overall risk exposure and operational expenses would increase and the management of our business operations would be disrupted. In addition, there can be no assurance that any of our existing insurance coverage will be renewable upon the expiration of the coverage period or that future coverage will be affordable at the required limits.

***Catastrophic events may adversely impact our business operations.***

Our business operations may be adversely impacted by force majeure or extraordinary events beyond the control of the contracting parties, such as natural and man-made disasters as well as terrorist attacks. Such events could result in the closure of offices, interruption of projects and the relocation of employees. We typically remain obligated to perform our services after a terrorist attack or natural disaster unless the contract contains a force majeure clause that relieves us of our contractual obligations. If we are not able to react quickly to a force majeure event, our operations may be affected significantly, which would have a negative impact on our business operations.

Further, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems and our website for our development, marketing, operational, support, hosted services and sales activities. Despite our implementation of network security measures, we are vulnerable to disruption, infiltration or failure of these systems or third-party hosted services in the event of a major earthquake, fire, power loss, telecommunications failure, cyberattack, war, terrorist attack or other catastrophic event, and any such occurrence could cause system interruptions, reputational harm, loss of intellectual property, lengthy interruptions in our services, breaches of data security and loss of critical data and could harm our future operating results.

***We engage in a highly competitive business. If we are unable to compete effectively, we could lose market share and our business and results of operations could be negatively impacted.***

We face intense competition to provide testing, inspection, engineering, environmental, program management and consulting services to clients. The markets we serve are highly competitive and we compete against many regional, national and multinational companies.

The extent of our competition varies by industry, geographic area and project type. Our projects are frequently awarded through a competitive bidding process, which is standard in our industry. We are constantly competing for project awards based on pricing, schedule and the breadth and technical sophistication of our services. Competition can place downward pressure on our contract prices and profit margins and may force us to accept contractual terms and conditions that are less favorable to us, thereby increasing the risk that, among other things, we may not realize profit margins at the same rates as we have seen in the past or may become responsible for costs or other liabilities we have not accepted in the past. If we are unable to compete effectively, we may experience a loss of market share or reduced profitability or both, which, if significant, could have a material adverse impact on our business, financial condition and results of operations.

***The nature of our contracts, particularly those that are fixed price, subject us to risks of cost overruns. We may experience reduced profits or, in some cases, losses if costs increase above budgets or estimates or if projects experience schedule delays.***

As of December 31, 2021, approximately 10% of our revenues were earned under fixed price contracts. Fixed price contracts require us to estimate the total cost of the project in advance of performing it. For fixed price contracts, we may benefit from any cost savings, but we bear greater risk of paying some, if not all, of any cost overruns. Fixed price contracts are established in part on partial or incomplete designs, cost and scheduling estimates that are based on several assumptions, including those about future economic conditions, commodity and other materials pricing and availability of labor, equipment and materials, in addition to other exigencies. If the design or the estimates prove inaccurate or if circumstances change due to, among other things, unanticipated technical problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, weather or other delays beyond our control, changes in the costs of equipment or raw materials, our vendors' or subcontractors' inability or failure to perform or changes in general economic conditions, then cost overruns may occur and we could experience reduced profits or, in some cases, a loss for that project. These risks are exacerbated for projects with long-term durations because there is an increased risk that the circumstances on which we based our original estimates will change in a manner that increases costs. If the project is significant, or there are one or more issues that impact multiple projects, cost overruns could have a material adverse impact on our business, financial condition and results of operations.

*We derive a large portion of our gross revenues from government agencies, and any disruption in government funding or in our relationship with those agencies could adversely affect our business.*

During fiscal 2021, approximately 50% of our gross revenues was derived from federal, state and local government related projects. The demand for our government-related services is generally driven by the level of government program funding. Each year, client funding for some of our U.S. government contracts may directly or indirectly rely on government appropriations or public-supported financing. Legislatures may appropriate funds for a given project on a year-by-year basis, even though the project may take more than one year to perform. In addition, public-supported financing such as U.S. state and local municipal bonds may be only partially raised to support existing projects. Similarly, an economic downturn may make it more difficult for U.S. state and local governments to fund projects. In addition to the state of the economy and competing political priorities, public funds and the timing of payment of these funds may be influenced by:

- changes in and delays or cancellations of government programs, requirements, or appropriations;
- re-competes of government contracts;
- curtailment in the use of government contracting firms;
- increases in raw material costs;
- delays associated with insufficient numbers of government staff to oversee contracts;
- the timing and amount of tax revenue received by federal, state, and local governments, and the overall level of government expenditures;
- competing political priorities and changes in the political climate with regard to the funding or operation of the services we provide;
- the adoption of new laws or regulations affecting our contracting relationships with the federal, state, or local governments;
- a dispute with, or improper activity by, any of our subcontractors; and
- general economic or political conditions.

These and other factors could cause government agencies to delay or cancel programs, to reduce their orders under existing contracts, to exercise their rights to terminate contracts, or not to exercise contract options for renewals or extensions. Any of these actions could have a material adverse effect on our revenue or timing of contract payments from these agencies.

***Governmental agencies may modify, curtail or terminate our contracts at any time prior to their completion and, if we do not replace them, we may suffer a decline in revenue.***

Most government contracts may be modified, curtailed or terminated by the government either at their discretion or upon the default of the contractor. If the government terminates a contract at its discretion, then we typically can recover only costs incurred or committed, settlement expenses and profit on work completed prior to termination, which could prevent us from recognizing all our potential revenue and profits from that contract. In addition, for some assignments, the U.S. government may attempt to “insource” the services to government employees rather than outsource to a contractor. If a government terminates a contract due to our default, we could be liable for excess costs incurred by the government in obtaining services from another source.

***Our failure to comply with a variety of complex procurement rules and regulations could damage our reputation and result in our being liable for penalties, including termination of our government contracts, disqualification from bidding on future government contracts and suspension or debarment from government contracting.***

We must comply with laws and regulations relating to government contracts, which affect how we do business with our customers and may impose added costs on our business. Some significant laws and regulations that affect us include:

- federal, state, and local laws and regulations (including the Federal Acquisition Regulation or “FAR”) regarding the formation, administration, and performance of government contracts;
- the Civil False Claims Act, which provides for substantial civil penalties for violations, including for submission of a false or fraudulent claim to the U.S. government for payment or approval; and
- federal, state and local laws and regulations regarding procurement integrity including gratuity, bribery and anti-corruption requirements as well as limitations on political contributions and lobbying.

Government agencies routinely audit and review a contractor’s performance on government contracts, indirect cost rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. Any failure to comply with applicable laws and regulations could result in civil or criminal penalties or administrative sanctions such as contract termination, forfeiture of profits, damage to our reputation, price or fee reductions or suspension or debarment from contracting with the government, each of which could materially adversely affect our business, results of operations and financial condition.

In addition, federal, state and local government entities may revise existing contract rules and regulations or adopt new contract rules and regulations at any time and may also face restrictions or pressure regarding the type and amount of services that they may obtain from private contractors. Any of these changes could impair our ability to obtain new contracts or renew contracts under which we currently perform when those contracts are eligible for recompetition.

***We are dependent on third parties to complete certain elements of our contracts.***

We hire third-party subcontractors to perform certain work under our contracts. We also rely on third-party equipment manufacturers or suppliers to provide equipment and materials used for certain of our projects. If we are unable to hire qualified subcontractors or find qualified equipment manufacturers or suppliers, our ability to successfully complete certain projects could be impaired. If we are not able to locate qualified third-party subcontractors, or the amount we are required to pay for subcontractors or equipment and supplies exceeds what we have estimated, especially in a lump sum or a fixed price contract, we may suffer losses on these contracts. If a subcontractor, supplier or manufacturer fails to provide services, supplies or equipment as required under a contract for any reason, we may be required to source these services, equipment or supplies to other third parties on a delayed basis or on less favorable terms, which could negatively impact contract profitability. There is a risk that we may have disputes with our subcontractors relating to, among other things, the quality and timeliness of work performed, customer concerns about a subcontractor or our failure to extend existing task orders or issue new task orders under a contract. In addition, faulty workmanship, equipment or materials could impact the overall project, resulting in claims against us for failure to meet required project specifications, imposition of financial penalties or requirements to provide additional services to ensure the adequate performance and delivery of the contracted services. We may be jointly and severally liable for the third party’s actions or contract performance.

Third parties may find it difficult to obtain sufficient financing to fund their operations, and such inability could adversely affect such third party’s ability to provide materials, equipment or services, which could have a material adverse impact on our business, financial condition and results of operations. In addition, a failure by a third-party subcontractor, supplier or manufacturer to comply with applicable laws, regulations or client requirements could negatively impact our business and, for government clients, could result in fines, penalties, suspension or even debarment being imposed on us, which could have a material adverse impact on our business, financial condition and results of operations.

***We may be precluded from providing certain services due to conflict of interest issues.***

Many of our clients are concerned about potential or actual conflicts of interest in retaining management consultants. U.S. federal government agencies have formal policies against continuing or awarding contracts that would create actual or potential conflicts of interest with other activities of a contractor. These policies may prevent us from bidding for or performing government contracts resulting from or relating to certain work we have performed. In addition, services performed for a commercial or government client may create a conflict of interest that precludes or limits our ability to obtain work from other public or private organizations. Any conflicts of interest that preclude us from providing certain services could have a material adverse impact on our business, financial condition and results of operations.

***If we fail to comply with federal, state and local governmental requirements, our business may be adversely affected.***

We are subject to U.S. federal, state and local laws and regulations that affect our business. Although we have policies and procedures to comply with U.S. trade laws, the violation of such laws could subject us and our employees to civil or criminal penalties, including substantial monetary fines, or other adverse actions including debarment from participation in U.S. government contracts and could damage our reputation and our ability to do business.

***If we fail to maintain an effective system of internal control, we may not be able to accurately report our financial results.***

We are required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”), which requires, among other things, a company to evaluate annually the effectiveness of its internal control over financial reporting as of the end of each fiscal year and to include a management report assessing the effectiveness of its internal control over financial reporting in its Annual Report on Form 10-K. Effective internal control over financial reporting is necessary to provide reliable financial reports and to help prevent fraud. The Company’s management team and other personnel are required to devote a substantial amount of time to these compliance requirements. Moreover, these rules and regulations increase legal and financial compliance costs and make some activities more time-consuming and costly. Despite best efforts, we cannot be certain that we will be able to maintain adequate internal controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of Sarbanes-Oxley.

***An impairment charge on our goodwill or intangible assets could have a material adverse impact on our financial position and results of operations.***

Because we have grown in large part through acquisitions, goodwill and intangible assets represent a substantial portion of our assets. Under U.S. GAAP, we are required to test goodwill and intangible assets carried in our consolidated balance sheet for possible impairment on an annual basis based upon a fair value approach. As of December 31, 2021, we have \$231.7 million of goodwill and intangible assets, representing 55% of our total assets of \$420.5 million. We also are required to test goodwill and intangible assets for impairment between annual tests if events occur or circumstances change that would more likely than not reduce our enterprise fair value below our book value. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in a reporting unit’s market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of our business, potential government actions toward our facilities, and other factors.

If our market capitalization drops significantly below the amount of net equity recorded on our balance sheet, this might indicate a decline in our fair value and would require us to further evaluate whether our goodwill has been impaired. If the fair value of our reporting units is less than their carrying value, we could be required to record an impairment charge. The amount of any impairment could be significant and could have a material adverse impact on our financial position and results of operations for the period in which the charge is taken.

***Rising inflation, interest rates and/or construction costs could reduce the demand for our services as well as decrease our profit on our existing contracts, in particular with respect to our fixed price contracts.***

Rising inflation, interest rates, or construction costs could reduce the demand for our services. In addition, we bear all the risk of rising inflation with respect to those contracts that are fixed price. Because a portion of our revenues are earned from fixed price contracts (approximately 10% as of December 31, 2021), the effects of inflation on our financial condition and results of operations over the past few years have been generally minor. However, if we expand our business into markets and geographic areas where fixed price and lump sum work is more prevalent, inflation may have a larger impact on our results of operations in the future. In addition, there is a time lag in recovering labor cost increases from our clients on time and materials/cost reimbursable contracts. Therefore, increases in inflation, interest rates or construction costs could have a material adverse impact on our business, financial condition and results of operations.

***We are subject to professional standards, duties and statutory obligations on professional reports and opinions we issue, which could subject us to liability and monetary damages.***

We issue reports and opinions to clients based on our professional engineering expertise as well as our other professional credentials that subject us to professional standards, duties and obligations regulating the performance of our services. If a client or another third party alleges that our report or opinion is incorrect or it is improperly relied upon and we are held responsible, we could be subject to significant liability or claims for damages. In addition, our reports and other work product may need to comply with professional standards, licensing requirements, securities regulations and other laws and rules governing the performance of professional services in the jurisdiction where the services are performed. We could be liable to third parties who use or rely upon our reports and other work product even if we are not contractually bound to those third parties. These events could in turn result in monetary damages and penalties.

***Certain of our services involve assisting our clients' compliance with environmental, health, and safety laws and regulations that may require substantial costs to comply with, and our failure to effectively assist our client's compliance with such laws and regulations may expose us to significant penalties, damages, or costs of remediation. Changes in such laws or regulations could also directly or indirectly reduce the demand for our services or make our operations more costly.***

Our operations and our clients' projects are subject to federal, tribal, regional, state, and local laws and regulations relating to protection of natural resources and the environment, health and safety of our employees and the public, and waste management. These laws and regulations impose numerous obligations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or other substantial expenditures to prevent releases of regulated materials, the imposition of substantial liabilities for pollution or other harm to species or the environment resulting from our clients' operations or other harm to species or the environment, and the applicability of specific health and safety protections for our employees, our clients' employees and the public.

Examples of laws and regulations that govern the environmental aspects of our clients' businesses, and our provision of environmental compliance services to our clients, include the following:

- The federal Clean Air Act ("CAA") and comparable state laws and regulations impose obligations related to the emission of air pollutants. Both existing federal CAA and state laws and regulations, and any future regulations, may require pre-approval for the construction, expansion, or modification of certain facilities that produce, or which are expected to produce, air emissions. Such regulations may also impose stringent air permit requirements and require the use of specific equipment or technologies to control emissions.
- The federal Clean Water Act ("CWA") and comparable state laws and regulations impose strict obligations related to discharges of pollutants and fill material into regulated bodies of water, including some wetlands. The discharge of pollutants into regulated waters is prohibited except in accordance with a permit issued by the Environmental Protection Agency ("EPA"), the United States Army Corps of Engineers, or state agency or tribe with a delegated CWA permit program. The CWA and its implementing regulations also require construction activities to establish authorization for the discharge of stormwater, which may require the development and implementation of a Stormwater Pollution Prevention Plan ("SWPPP") to describe the construction activities and the pollution prevention practices that will be implemented in connection with those activities.
- The federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA" or the "Superfund" law) and comparable state statutes impose strict liability, and in some cases joint and several liability, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment, including current owners or operators, past owners or operators at the time of the release, and persons who generate, transport, dispose, or arrange for transportation or disposal of hazardous substances. Such persons may be responsible for the costs of investigating releases of hazardous substances, remediating releases of hazardous substances, compensating for damages to natural resources, and for certain health studies. In the ordinary course of our clients' operations, industrial wastes may be regulated as hazardous substances under CERCLA. In addition, neighboring landowners and other third parties may file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment.

- The federal Resource Conservation and Recovery Act (“RCRA”) and comparable state laws regulate the generation, transportation, treatment, processing, storage, disposal, and cleanup of hazardous and non-hazardous wastes. Certain of the services we provide to our clients involve the management and handling of toxic or hazardous substances. In addition, our clients’ operations may generate some amounts of ordinary construction and industrial wastes that may be regulated and/or must be managed as hazardous wastes if such wastes are listed as hazardous wastes or have hazardous characteristics.
- The federal Endangered Species Act, implementing regulations, and analogous state laws prohibit the unauthorized “take” of certain species listed as endangered or threatened. Courts have construed the term “take” broadly to include the destruction or alteration of endangered species habitat. Similar protections are afforded to migratory birds under the Migratory Bird Treaty Act and bald and golden eagles under the Bald and Golden Eagle Protection Act. Should our clients’ projects be developed or constructed in protected species habitat, compliance with such laws could result in increased operational costs or project delays, including delays in providing our services in connection with such projects.
- The purpose of the Occupational Safety and Health Act (“OSHA”), comparable state statutes, and each of their implementing regulations is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the Emergency Planning and Community Right-to-Know Act (“EPCRA”), and comparable state statutes and any implementing regulations thereof may require disclosure of information about hazardous materials stored, used, or produced in our or our clients’ operations, and that such information be provided to employees, state and local governmental authorities, and/or citizens, as applicable.

Any failure on our part to comply with laws and regulations such as those listed above, or to effectively assist our clients’ compliance with such laws and regulations, may result in increases in operational costs or project delays to our clients and could ultimately lead to claims against us. In addition, environmental laws and regulations have been subject to frequent changes over the years and tend to become more stringent over time, and the imposition of more stringent or complex laws and regulations could increase the likelihood that we may fail to comply with, or to effectively assist our clients’ compliance with, such laws and regulations. Our failure to comply with applicable environmental, health, and safety laws and regulations, our failure to effectively assist our clients’ compliance with such laws and regulations in connection with projects, or the failure of any of our subcontractors to comply with such laws and regulations could trigger a variety of administrative, civil, and criminal enforcement measures, including investigations, the assessment of monetary penalties, the imposition of remedial requirements or other corrective measures, and the issuance of directives or orders enjoining existing or future operations or projects, any of which could have a material adverse effect on the financial condition of our business.

***Changes in natural resource management, climate change or infrastructure industry laws, regulations, and programs could directly or indirectly reduce the demand for our services, or could make our operations more costly, which could in turn negatively impact our revenue.***

Our business and results of operations could be adversely affected by the passage of climate change, defense, environmental, infrastructure and other legislation, policies and regulations. Growing concerns about climate change may result in the imposition of additional environmental regulations. For example, legislation, international protocols, regulation or other restrictions on emissions could increase the costs of projects for our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for our services. Furthermore, compliance with these laws and regulations may, from time to time, increase the costs associated with our operations; delay our clients’ projects or operations; or result in liabilities for personal injuries, property damage, discharge of hazardous materials, remediation and clean-up costs, and other environmental damages. In addition, relaxation or repeal of laws and regulations, or changes in governmental policies regarding environmental, defense, infrastructure or other industries we serve could result in a decline in demand for our services, which could in turn negatively impact our revenues. We cannot predict when or whether any of these various proposals may be enacted or what their effect will be on us or on our clients.

Finally, environmental, social, and governance (“ESG”) goals and programs, which typically include extra legal targets related to environmental stewardship, social responsibility, and corporate governance, have become an increasing focus of investors, shareholders and activists across many industries. While reporting on ESG metrics remains voluntary, access to capital and investors is likely to favor companies with robust ESG programs in place.

If ESG metrics and/or reporting become mandatory, our costs of planning, designing, measuring and monitoring, and reporting on our operations could increase.



***If we fail to complete a project in a timely manner, miss a required performance standard, or otherwise fail to adequately perform on a project, then we may incur a loss on that project, which may reduce or eliminate our overall profitability.***

Our engagements often involve large-scale, complex projects. The quality of our performance on such projects depends in large part upon our ability to manage the relationship with our clients and our ability to effectively manage the project and deploy appropriate resources, including third-party contractors and our own personnel, in a timely manner. We may commit to a client that we will complete a project by a scheduled date. We may also commit that a project, when completed, will achieve specified performance standards. If the project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. The uncertainty of the timing of a project can present difficulties in planning the amount of personnel needed for the project. If the project is delayed or canceled, we may bear the cost of an underutilized workforce that was dedicated to fulfilling the project. In addition, performance of projects can be affected by a number of factors beyond our control, including:

- unavoidable delays from government inaction;
- public opposition;
- inability to obtain financing;
- weather conditions;
- unavailability of vendor materials;
- changes in the project scope of services requested by our clients;
- industrial accidents;
- environmental hazards; and
- labor disruptions.

To the extent these events occur, the total costs of the project could exceed our estimates, and we could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate our overall profitability. Further, any defects or errors, or failures to meet our clients' expectations, could result in claims for damages against us. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation.

***The outcome of pending and future claims and litigation could have a material adverse impact on our business, financial condition and results of operations.***

We are a party to claims and litigation in the normal course of business. Since we engage in testing, inspection, engineering and other activities for large facilities and projects where design, construction or systems failures can result in substantial injury or death of employees or others or in damage to property, we are exposed to claims and litigation and investigations if there is a failure at any such facility or project. Such claims could relate to, among other things, personal injury, loss of life, business interruption, property damage, pollution and environmental damage and be brought by our clients or third parties, such as those who use or reside near our clients' projects. We can also be exposed to claims if we agreed that a project will achieve certain performance standards or satisfy certain technical requirements and those standards or requirements are ultimately not met. In many of our contracts with clients, subcontractors and vendors, we agree to retain or assume potential liabilities for damages, penalties, losses and other exposures relating to projects that could result in claims that greatly exceed the anticipated profits relating to those contracts. In addition, while clients and subcontractors may agree to indemnify us against certain liabilities, such third parties may refuse or be unable to pay us if such indemnification obligations arise.

*State and other public employee unions may bring litigation that seeks to limit the ability of public agencies to contract with private firms to perform government employee functions in the area of public improvements. Judicial determinations in favor of these unions could affect our ability to compete for contracts and may have an adverse effect on our financial results.*

State and other public employee unions have challenged the validity of propositions, legislation, charters, and other government regulations that allow public agencies to contract with private firms to provide services in the fields of engineering, design, and construction of public improvements that might otherwise be provided by public employees. These challenges could have the effect of eliminating or severely restricting the ability of municipalities to hire private firms and otherwise require them to use union employees to perform the services. If a state or other public employee union is successful in its challenge, this may result in additional litigation which could affect our ability to compete for contracts.

*Our credit agreements contain a number of restrictive covenants which could limit our ability to finance future operations, acquisitions or capital needs or engage in other business activities that may be in our interest.*

In the first quarter of 2021, Atlas Intermediate, as the borrower, entered into two new credit facilities, as described further in Note 7 “Long-Term Debt” within the Consolidated Financial Statements. The credit agreements include a number of customary negative covenants. Such covenants, among other things, limit or restrict the ability of each of Holdings, Atlas Intermediate and all of their direct and indirect subsidiaries to:

- incur additional indebtedness and make guarantees;
- incur liens on assets;
- engage in mergers or consolidations or fundamental changes;
- dispose of assets;
- pay dividends and distributions or repurchase capital stock;
- make investments, loans and advances, including acquisitions;
- amend organizational documents and other material contracts;
- enter into certain agreements that would restrict the ability to incur liens on assets;
- repay certain junior indebtedness and, in the case of the 2021 ABL Revolver Agreement, make certain payments on the 2021 Term Loans;
- enter into certain transactions with affiliates;
- amend certain documents governing indebtedness;
- enter into sale leaseback transactions;
- change fiscal periods; and
- change the conduct of its business.

These restrictions are subject to certain exceptions including (i) the ability to incur additional indebtedness, liens, investments, dividends and distributions, and prepayments of junior indebtedness subject, in each case, to compliance with certain financial metrics and/or certain other conditions and (ii) a number of other traditional exceptions that grant the Company continued flexibility to operate and develop its business.

In addition, the credit agreements also require Holdings, Atlas Intermediate and all of their direct and indirect subsidiaries on a consolidated basis to comply with certain financial ratio covenants, including a total net leverage ratio, which is tested on a quarterly basis, and a fixed charge coverage ratio, which is tested on a quarterly basis if our revolving loan balance is greater than \$0 or our outstanding letters of credit are \$5.0 million or more. Our ability to comply with these ratios may be affected by events beyond our control. These restrictions could limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans, and could adversely affect our ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would otherwise be in our interest. A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under our debt instruments. If an event of default occurs, our creditors could elect to declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable, terminate any existing commitments to lend and foreclose on any of our assets securing their loans. Any such acceleration or termination of commitments could have a material adverse effect on our financial position and ability to conduct our business.

***Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under the Atlas 2021 Credit Agreements (described further in Note 7 “Long-Term Debt” within the Consolidated Financial Statements) bear interest at variable rates, exposing us to interest rate risk. If the interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed would remain the same, and our results of operations and cash flows for servicing our indebtedness would decrease.

### **Risks Related to Our Common Stock**

***Our quarterly results may fluctuate significantly, which could have a material negative effect on the price of our Class A common stock.***

Our quarterly operating results may fluctuate due to several factors, including:

- fluctuations in the spending patterns of our clients;
- the number and significance of projects executed during a quarter;
- unanticipated changes in contract performance, particularly with contracts that have funding limits;
- the timing of resolving change orders, requests for equitable adjustments and other contract adjustments;
- project delays;
- changes in prices of commodities or other supplies;
- weather conditions that delay work at project sites;
- the timing of expenses incurred in connection with acquisitions or other corporate initiatives;
- natural disasters or other crises;
- staff levels and utilization rates;
- changes in prices of services offered by our competitors; and
- general economic and political conditions.

If our quarterly operating results fluctuate significantly, causing our operating results to fall below the expectations of securities analysts, the price of our Class A common stock may decrease substantially, which could have a material negative impact on our financial condition and results of operations.

***We are an “emerging growth company” and are thus able to avail ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our common stock less attractive to investors.***

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404(b) of Sarbanes-Oxley, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, pursuant to Section 107 of the JOBS Act, as an “emerging growth company” we intend to take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”) for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We may take advantage of these reporting exemptions until we are no longer an “emerging growth company.” We will remain an “emerging growth company” until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1.07 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of our initial public offering; (iii) the date on which we have issued more than \$1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

***We may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and stock price, which could cause you to lose some or all of your investment.***

Although we conducted due diligence prior to the Atlas Business Combination, we cannot assure you that this diligence revealed all material issues that may be present in our business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of our control will not later arise. As a result, the Company may be forced to later write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in losses. Even if the due diligence successfully identified certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with our preliminary risk analysis. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that the Company reports charges of this nature could contribute to negative market perceptions about the Company or our securities. In addition, charges of this nature may cause the Company to violate net worth or other covenants to which we may be subject. Accordingly, our stockholders could suffer a reduction in the value of their shares. Such stockholders are unlikely to have a remedy for such reduction in value unless they are able to successfully claim that the reduction was due to the breach by our officers or directors of a duty of care or other fiduciary duty owed to them, or if they are able to successfully bring a private claim under securities laws that the proxy solicitation or tender offer materials, as applicable, relating to the Atlas Business Combination contained an actionable material misstatement or material omission.

***To the extent that shares of Class A common stock are issued pursuant to the terms of the Holdings LLC Agreement, the number of shares eligible for resale in the public market will increase.***

Pursuant to the terms of the Holdings LLC Agreement, the Continuing Members may redeem any or all of the shares of Class B common stock issued to them along with a corresponding number of Holdings Units, for an equal number of shares of Class A common stock.

To the extent that any shares of Class A common stock are issued pursuant to the terms of the Holdings LLC Agreement, there will be an increase in the number of shares of Class A common stock eligible for resale in the public market. Sales of a substantial number of such shares in the public market could adversely affect the market price of our Class A common stock.

***If we raise capital in the future by issuing shares of common or preferred stock or other equity or equity-linked securities, convertible debt or other hybrid equity securities, our then existing stockholders may experience dilution, such new securities may have rights senior to those of our common stock, and the market price of our common stock may be adversely effected.***

If we raise capital in the future our then existing stockholders may experience dilution. Our second amended and restated certificate of incorporation (our “Charter”) provides that preferred stock may be issued from time to time in one or more series. Our board of directors (“Board”) is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. Our Board may, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the shares of common stock and could have anti-takeover effects. For example, the Board might grant holders of a class or series of our preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. The ability of our Board to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of us or the removal of existing management. Similarly, the repurchase or redemption rights or liquidation preferences the Board might assign to holders of our preferred stock could affect the residual value of our common stock. The issuance of any such securities may have the impact of adversely affecting the market price of our common stock.

***The issuance of additional stock as consideration for acquisitions will dilute existing stockholdings and may have an adverse effect on the market price of our common stock.***

In February 2021 we acquired AEL, the purchase price for the acquisition included an equity component pursuant to which we issued 738,566 shares of Class A common stock to the former owner of AEL. In July 2021 we acquired O’Neill, the purchase price for which included an equity component pursuant to which we issued 653,728 shares of Class A common stock to the former owner and certain former employees of O’Neill. The issuance of our Class A common stock as consideration for the acquisitions of AEL and O’Neill, or any future acquisition, result in dilution of our existing stockholders and may adversely affect the market price of our common stock.

***Provisions in our Charter and Delaware law may have the effect of discouraging lawsuits against our directors and officers.***

Our Charter requires, unless we consent in writing to the selection of an alternative forum, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim against us, our directors, officers or employees arising pursuant to any provision of the DGCL or our Charter or our second amended and restated bylaws, or (iv) any action asserting a claim against us, our directors, officers or employees governed by the internal affairs doctrine may be brought only in the Court of Chancery in the State of Delaware, except any claim (A) as to which the Court of Chancery of the State of Delaware determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), (B) which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, (C) for which the Court of Chancery does not have subject matter jurisdiction, or (D) any action arising under the Securities Act, as to which the Court of Chancery and the federal district court for the District of Delaware shall have concurrent jurisdiction. If an action is brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder’s counsel. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, the provision may have the effect of discouraging lawsuits against our directors and officers, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder.

Notwithstanding the foregoing, our Charter provides that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

***Provisions in our Charter may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our Class A common stock and could entrench management.***

Our Charter contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions include a staggered board of directors, the controlling provisions of the Nomination Agreement we entered into with Bernhard Capital Partners in connection with the Atlas Business Combination (the “Nomination Agreement”), a supermajority vote required to amend certain provisions of our Charter and the ability of the Board to designate the terms of, and issue new series of, preferred stock, which may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

***Concentration of ownership of our common stock among certain large stockholders may prevent new investors from influencing significant corporate decisions or adversely affect the trading price of our common stock.***

Holders of our common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or our Charter. Certain of our stockholders own large portions of the voting power of our common stock and as a result exercise significant influence over the outcome of certain matters requiring stockholder approval, including mergers and other material transactions, the composition of our Board or a change in control of the Company that could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of the Company. The existence of significant stockholders may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of the Company.

So long as a small number of stockholders continues to control a significant amount of our common stock, they will continue to be able to strongly influence all matters requiring stockholder approval, regardless of whether or not other stockholders believe that a potential transaction is in their own best interests. In any of these matters, the interests of such stockholders may differ or conflict with the interests of our other stockholders. In addition, our significant stockholders and their affiliates, as well as members of our Board, may, from time to time, acquire interests in businesses that directly or indirectly compete with our business, as well as businesses that are significant existing or potential customers. Moreover, this concentration of stock ownership may also adversely affect the trading price of our common stock to the extent investors perceive a disadvantage in owning stock of a company with a concentrated stock ownership.

***The market price of our common stock may be affected by low trading volume.***

Although a trading market for our Class A common stock exists on the NASDAQ, the trading volume has not been significant, due in part to a substantial number of our outstanding shares of our common stock either being held by a single shareholder or subject to contractual lock-ups and other legal restrictions. Additionally, a portion of our common stock is currently made up of Class B common stock, which is not listed on a public exchange but is exchangeable (along with Holdings Units) for shares of Class A common stock. When trading volume is low, significant price movement can be caused by the trading in a relatively small number of shares. Low volume can also reduce liquidity, which could adversely affect the market price of our shares of common stock.

***If securities or industry analysts adversely change their recommendations regarding our Class A common stock or if our operating results do not meet their expectations, our stock price could decline.***

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover the Company downgrades our Class A common stock, or if our operating results do not meet their expectations, our stock price could decline.

***There can be no assurance that we will be able to comply with the continued listing standards of NASDAQ.***

Our continued eligibility for listing on NASDAQ depends on a number of factors. If NASDAQ delists the Class A common stock from trading on its exchange for failure to meet the listing standards, we and our stockholders could face significant material adverse consequences including:

- a limited availability of market quotations for our securities;

- a determination that our Class A common stock is a “penny stock,” which will require brokers trading in our Class A common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our Class A common stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

## **General Risk Factors**

### ***Negative conditions in the credit and financial markets and delays in receiving client payments could result in liquidity problems, increasing our cost of borrowing and adversely affecting our business.***

Although we finance much of our operations using cash provided by operations, at times we depend on the availability of credit to grow our business and help fund acquisitions. Instability in the credit markets in the U.S. or abroad could cause credit to be relatively difficult or expensive to obtain at competitive rates, on commercially reasonable terms or in sufficient amounts. This situation could make it more difficult or more expensive for us to access funds, refinance our existing indebtedness, enter into agreements for new indebtedness or obtain funding through the issuance of securities, or such additional capital may not be available on terms acceptable to us or at all. We may also enter into business acquisition agreements that require us to access credit, which if not available at the closing of the acquisition could result in a breach of the acquisition agreement and a resulting claim for damages by the sellers of such business. In addition, market conditions could negatively impact our clients’ ability to fund their projects and, therefore, utilize our services, which could have a material adverse impact on our business, financial condition and results of operations.

Some of our customers, suppliers and subcontractors depend on access to commercial financing and capital markets to fund their operations. Disruptions in the credit or capital markets could adversely affect our clients’ ability to finance projects and could result in contract cancellations or suspensions, project delays and payment delays or defaults by our clients. In addition, clients may be unable to fund new projects, may choose to make fewer capital expenditures or otherwise slow their spending on our services or to seek contract terms more favorable to them. Our government clients may face budget deficits that prohibit them from funding proposed and existing projects or that cause them to exercise their right to terminate our contracts with little or no prior notice. In addition, any financial difficulties suffered by our subcontractors or suppliers could increase our cost or adversely impact project schedules. These disruptions could materially negatively impact our backlog and have a material adverse impact on our business, financial condition and results of operations.

### ***Cybersecurity breaches of our systems and information technology could adversely impact our ability to operate.***

We need to protect our own and our clients’ internal trade secrets and other confidential business information from disclosure. We face the threat to our computer systems of unauthorized access, computer hackers, computer viruses, malicious code, organized cyberattacks and other security problems and system disruptions, including possible unauthorized access to our and our clients’ proprietary, classified or confidential information. We rely on industry-accepted security measures and technology to securely maintain all confidential and proprietary information on our information systems. We have devoted and will continue to devote significant resources to the security of our computer systems, but they are still vulnerable to these threats. A user who circumvents security measures can misappropriate confidential or proprietary information, including information regarding us, our personnel and/or our clients, or cause interruptions or malfunctions in operations. As a result, we can be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. There has been an overall increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us because we hold sensitive information. As a result, we and our vendors face a heightened risk of a security breach or disruption resulting from an attack by computer hackers, foreign governments, and cyber terrorists. While we put in place policies, controls and technologies to help detect and protect against such attacks, we cannot guarantee that future incidents will not occur, and if an incident does occur, we may not be able to successfully mitigate the impact. We have been the target of these types of attacks in the past and future attacks are likely to occur. If successful, these types of attacks on our network or other systems or service failures could have a material adverse effect on our business, financial condition and results of operations, due to, among other things, the loss of client or proprietary data, interruptions or delays in our clients’ businesses and damage to our reputation. In addition, the failure or disruption of our systems, communications, vendors, or utilities could cause us to interrupt or suspend our operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, if our employees inadvertently do not adhere to appropriate information security protocols, our protocols are inadequate, or our employees intentionally avoid these protocols, our or our clients’ sensitive information may be released, thereby causing significant negative impacts to our reputation and exposing us or our clients to liability. Any of these events can damage our reputation and have a material adverse effect on our business, financial condition, results of operations and cash flows.

*We rely on third-party internal and outsourced software to run our critical accounting, project management and financial information systems. As a result, any sudden loss, disruption or unexpected costs to maintain these systems could significantly increase our operational expense and disrupt the management of our business operations.*

We rely on third-party software to run our critical accounting, project management and financial information systems. We also depend on our software vendors to provide long-term software maintenance support for our information systems. Software vendors may decide to discontinue further development, integration or long-term software maintenance support for our information systems, in which case we may need to abandon one or more of our current information systems and migrate some or all of our accounting, project management and financial information to other systems, thus increasing our operational expense as well as disrupting the management of our business operations.

*Changes in tax laws could increase our tax rate and materially affect our results of operations.*

We are subject to tax laws in the U.S. It is not currently known what changes Congress, working with the President, may make to existing tax laws and how those changes (if any) will affect the economy, our business, results of operations, financial condition and cash flows. These and other changes in tax laws and regulations could increase our effective tax rate and harm our results of operations.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTIES**

Our principal executive office, which is leased, is located at 13215 Bee Cave Parkway, Building B, Suite 230, Austin, Texas 78738.

#### **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we are subject to various legal proceedings that arise out of our normal course of business or otherwise. We are not currently a party to any legal proceedings that, individually or in the aggregate, are expected to materially impact our business, financial position, results of operations and cash flows, taken as a whole.

#### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.



## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our Class A common stock is listed on the Nasdaq under the symbol "ATCX."

#### Holders of Record

As of March 14, 2022, there were approximately 47 holders of record of our Class A common stock and 67 holders of record of our Class B common stock.

#### Dividends

We have not paid any cash or stock dividends on our Class A common stock to date. The payment of dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of the Board at such time and the Board is not currently contemplating and does not anticipate declaring stock dividends in the foreseeable future. Further, under the terms of our debt agreements, our ability to declare dividends is restricted.

#### Unregistered Sales of Equity Securities

None.

#### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Neither we, nor any affiliated purchaser, purchased any of our equity securities during the quarter ended December 31, 2021.

### ITEM 6. [RESERVED]

Part II, Item 6 is no longer required as the Company has adopted certain provisions within the amendments to Regulation S-K that eliminate Item 301.

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis should be read in conjunction with our audited financial statements and accompanying notes included herein. This discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future operating results or financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors. Factors that could cause or contribute to such differences include, but are not limited to, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors included in this Annual Report on Form 10-K, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We assume no obligation to update any of these forward-looking statements.*

*For purposes of this section, "we," "us," "our," the "Company" and "Atlas" refers to Atlas Technical Consultants, Inc. (formerly named Boxwood Merger Corp.) and its subsidiaries. The Atlas Business Combination (as defined below) was accounted for as a reverse recapitalization where the Company was the legal acquirer but treated as the accounting acquiree. All references to operations prior to the Atlas Business Combination reflect the results of Atlas Intermediate Holdings LLC, a Delaware limited liability company ("Atlas Intermediate") and its subsidiaries. Since Atlas Intermediate was determined to be the accounting acquirer, the information included below will include the results of Atlas Intermediate and its subsidiaries through the Atlas Business Combination and will include the Company, including Atlas Intermediate, for transactions occurring after the Atlas Business Combination.*

## OVERVIEW

Atlas Technical Consultants, Inc. (the “Company”, “We”, or “Atlas” and formerly named Boxwood Merger Corp. (“Boxwood”)) was a blank check company, incorporated in Delaware on June 28, 2017. The Company was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, recapitalization, or other similar business transaction, one or more operating businesses or assets.

On February 14, 2020 (the “Closing Date”), the Company consummated its acquisition of Atlas Intermediate pursuant to the Unit Purchase Agreement, dated as of August 12, 2019, as amended on January 22, 2020 (the “Purchase Agreement”), by and among the Company, Atlas TC Holdings LLC, a wholly-owned subsidiary of the Company and a Delaware limited liability company (“Holdings”), Atlas TC Buyer LLC, a wholly-owned subsidiary of Holdings and a Delaware limited liability company, Atlas Intermediate and Atlas Technical Consultants Holdings LP, a Delaware limited partnership (the “Seller”). The acquisition of Atlas Intermediate pursuant to the Purchase Agreement together with the other transactions contemplated by the Purchase Agreement is referred to herein as the “Atlas Business Combination.”

Following the consummation of the Atlas Business Combination, we are organized in an “Up-C” structure in which the business of Atlas Intermediate and its subsidiaries is held by Holdings and continues to operate through the subsidiaries of Atlas Intermediate, and in which our only direct assets consist of common units of Holdings (the “Holdings Units”). We are the sole manager of Holdings in accordance with the terms of the Amended and Restated Limited Liability Company Agreement of Holdings entered into in connection with the consummation of the Atlas Business Combination.

Headquartered in Austin, Texas, we are a leading provider of professional testing, inspection, engineering, environmental, program management and consulting services, offering solutions to public and private sector clients in the transportation, commercial, water, government, education, industrial, healthcare and power markets. With approximately 145 offices located throughout the United States, we provide a broad range of mission-critical technical services, helping our clients test, inspect, certify, plan, design and manage a wide variety of projects across diverse end markets. For the year ended December 31, 2021, we:

- performed approximately 40,500 projects, with average revenue per project of less than \$10,000 or less; and
- delivered approximately 90% of our projects under “time & materials” and “cost-plus” contracts.

We act as a trusted advisor to our clients, helping our clients design, engineer, inspect, manage and maintain civil and commercial infrastructure, servicing the existing structures as well as helping to build new structures. However, we do not perform any construction, and do not take any direct construction risk.

For the year ended December 31, 2021, we:

- performed approximately 40,500 projects, with average revenue per project of less than \$10,000 or less; and
- delivered approximately 90% of our projects under “time & materials” and “cost-plus” contracts.

We have long-term relationships with a diverse set of clients, providing a base of repeating clients, projects and revenues. Approximately 90% of our revenues are derived from projects that have used our services at least twice in the past three years and more than 95% of our revenues are generated from client relationships longer than 10 years, with greater than 25% of revenues generated from relationships longer than 30 years. Examples of such long-term customers include the Texas and Georgia Departments of Transportation, U.S. Postal Service, Gwinnett County Georgia, New York City Housing Authority, Stanford University, Port of Oakland, United Rentals, Inc., Speedway, Walmart, Inc., and Apple Inc.

Our broad base of customers spans a diverse set of end markets including the transportation, commercial, water, government, education, industrial, healthcare and power sectors. Our customers include government agencies, quasi-public entities, schools, hospitals, utilities and airports, as well as private sector clients across many industries.

Our services require a high degree of technical expertise, as our clients rely on us to provide testing, inspection and quality assurance services to ensure that structures are designed, engineered, built and maintained in accordance with building codes, regulations and the highest safety standards. As such, our services are delivered by a highly-skilled, technical employee base that includes scientists, engineers, inspectors and other field experts. As of December 31, 2021, our technical staff represented approximately 80% of our approximately 3,450 employees. Our services are typically provided under contracts, some of which are long-term with long lead times between when contracts are signed and when our services are performed. As such, we have a significant amount of contracted backlog, providing for a high degree of visibility with respect to revenues expected to be generated from such backlog. As of December 31, 2021, our contracted backlog was estimated to be approximately \$808 million. See “—Backlog” below for additional information relating to our backlog.

## ***COVID-19 Pandemic***

See Note 14 “COVID – 19 Pandemic” to the Consolidated Financial Statements for a discussion of the COVID-19 Pandemic.

## ***Recent Accounting Pronouncements***

See Note 2 “Summary of Significant Accounting Policies,” to the Consolidated Financial Statements for a description of the recent accounting pronouncements.

## **HOW WE EVALUATE OUR OPERATIONS**

We use a variety of financial and other information in monitoring the financial condition and operating performance of our business. Some of this information is financial information that is prepared in accordance with generally accepted accounting principles (“GAAP”), while other information may be financial in nature and may not be prepared in accordance with GAAP. Historical information is periodically compared to budgets, as well as against industry-wide information. We use this information for planning and monitoring our business, as well as in determining management and employee compensation.

We evaluate our overall business performance based primarily on a combination of four financial metrics: revenue, backlog, adjusted EBITDA and liquidity measures. These are key measures used by our management team and Board to understand and evaluate our operational performance, to establish budgets and to develop short and long-term operational goals.

### ***Revenue***

Revenues for services are derived from billings under contracts (which are typically of short duration) that provide for specific time, material and equipment charges, or lump sum payments and are reported net of any taxes collected from customers. We recognize revenue as it is earned at estimated collectible amounts.

Revenue is recognized as services are performed and amounts are earned in accordance with the terms of a contract. We generally contract for services to customers based on either hourly rates or a fixed fee. In such contracts, our efforts, measured by time incurred, typically are provided in less than a year and represent the contractual milestones or output measure, which is the contractual earnings pattern. For contracts with fixed fees, we recognize revenues as amounts become billable in accordance with contract terms, provided the billable amounts are consistent with the services delivered and are earned. Expenses associated with performance of work may be reimbursed with a markup depending on contractual terms. Revenues include the markup, if any, earned on reimbursable expenses. Reimbursements include billings for travel and other out-of-pocket expenses and third-party costs, such as equipment rentals, materials, subcontractor costs and outside laboratories, which is included in cost of revenues in the accompanying combined statement of income.

### ***Backlog***

Effective for the quarter ended April 2, 2021, we define backlog to include the total estimated future revenue streams associated with fully executed contracts as well as an estimate of highly probable revenues from recurring, task order-based contracts. As we integrate our acquisitions, we have standardized the backlog definition. Previously we defined backlog as fully awarded and contract work or revenue we expect to realize for work completed. Had we not refined our definition of backlog, our backlog as of April 2, 2021 would have been \$640 million versus the \$689 million we reported as of that date.

We use backlog to evaluate Company revenue growth as it typically follows growth in backlog. As backlog is not a defined accounting term, our computation of backlog may not be comparable with that of our peers.

### ***Adjusted EBITDA***

We view adjusted EBITDA, which is a non-GAAP financial measure, as an important indicator of performance. We define adjusted EBITDA as net income before interest expense, income taxes, depreciation and amortization and adjustments for certain one-time or non-recurring items adjustments. For more information on adjusted EBITDA, as well as a reconciliation to the most directly comparable GAAP measure, please see “—*Non-GAAP Financial Measures*” below.

## COMPONENTS AND FACTORS AFFECTING OUR OPERATING RESULTS

### ***Revenue***

We generate revenue primarily by providing infrastructure-based testing, inspection, certification, engineering, and compliance services to a wide range of public- and private-sector clients. Our revenue consists of both services provided by our employees and pass-through fees from subcontractors and other direct costs.

### ***Cost of Revenue***

Cost of revenue reflects the cost of personnel and specifically identifiable costs associated with revenue.

### ***Operating Expense***

Operating expense includes corporate expenses, including personnel, occupancy, and administrative expenses, including depreciation and amortization.

### ***Interest Expense***

Interest expense consists of contractual interest expense on outstanding debt obligations including amortization of deferred financing costs and other related financing expenses.

### ***Income Tax Expense***

Following the consummation of the Atlas Business Combination, we are organized in an “Up-C” structure in which the business of Atlas Intermediate and its subsidiaries is held by Holdings and will continue to operate through the subsidiaries of Atlas Intermediate, and in which our only direct assets consist of common units of Holdings. We are the sole manager of Holdings in accordance with the terms of the Holdings LLC Agreement entered into in connection with the consummation of the Atlas Business Combination.

Previously, Atlas Intermediate was treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the partners and members. As such, no recognition of federal or state income taxes have been provided for in the accompanying consolidated financial statements with the exception of income taxes relating to the C-Corp subsidiaries directly owned by Atlas Intermediate and the State of Texas Margin tax.

Subsequent to the Atlas Business Combination, income taxes relating to the C-Corps owned directly by Atlas Intermediate, the State of Texas Margin tax and the State of Washington Business and Occupation tax are considered within the provision of non-controlling interest as it is generated through the results of Atlas Intermediate and its subsidiaries.

### ***Net Income (loss)***

Net income from continuing operations reflects our operating income after taking into account costs and expenses for a given period, while excluding any gain or loss from discontinued operations.

### ***Provision for Non-controlling Interest***

Our ownership and voting structure are comprised of holders of our Class A common stock that participate 100% in the results of Atlas Technical Consultants, Inc. and 91.0% in Atlas Intermediate and its subsidiaries and holders of our Class B common stock that participate in the results of Atlas Intermediate and its subsidiaries until their Class B common stock is converted to Class A common stock. The holders of our Class B common stock participate in 9.0% of Atlas Intermediate and its subsidiaries. In connection with the Atlas Business Combination, it was determined that the results of Atlas Intermediate and its subsidiaries would be fully consolidated within the results of the Company.

Due to the participation of the holders of our Class B common stock in the results of Atlas Intermediate and subsidiaries, a non-controlling interest was deemed to exist. Consolidated net income includes earnings attributable to both the shareholders and the non-controlling interests.

The provision for non-controlling interest relates to pre-tax income subsequent to the Atlas Business Combination and includes a pro-rata share of taxes as federal and state income taxes relating to the C-Corps directly owned by Atlas Intermediate, the State of Texas Margin tax, and the State of Washington Business and Occupation tax as it is generated through the results of Atlas Intermediate and its subsidiaries.

Upon the close of the Atlas Business Combination, the holders of our Class B common stock participated in 80.6% of the results of Atlas Intermediate and its subsidiaries. This percentage has declined since the Atlas Business Combination due to the exchange of Atlas Intermediate units, together with Class B common shares, for Class A common shares as contractual lock-ups have expired and the exchange of our public and private placement warrants for Class A common shares during November and December 2020 because of our tender offer and warrant exchange.

#### ***Redeemable Preferred Stock Dividends***

On February 14, 2020, in connection with the consummation of the Atlas Business Combination, Holdings and GSO COF III AIV-2 LP (“GSO AIV-2”) entered into a subscription agreement (the “Subscription Agreement”) pursuant to which GSO AIV-2 purchased 145,000 units of a new class of Series A Senior Preferred Units of Holdings (the “Preferred Units”) at a price per Preferred Unit of \$978.21, for an aggregate cash purchase price of \$141,840,450, which represented a 2.179% original issue discount on the Preferred Units (such purchase, the “GSO Placement”).

The GSO Placement was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and/or Regulation D promulgated thereunder.

On February 25, 2021, the Company, in its capacity as the managing member of Holdings, entered into Amendment No. 1 to the Holdings LLC Agreement to allow Holdings, at the direction of the Board, to redeem all the Preferred Units at any time using the proceeds from the refinancing of the Atlas Credit Agreement and entry into the Atlas 2021 Credit Agreements.

On February 25, 2021, following the execution of Amendment No. 1 to the Holdings LLC Agreement, Holdings elected to redeem all the 145,000 Preferred Units then outstanding and held by GSO AIV-2 for \$1,084.96 per Preferred Unit for a total redemption price of \$157.4 million which included dividends accrued for as of December 31, 2020 (the “Redemption”). Following the Redemption, (i) the Preferred Units are no longer deemed outstanding, (ii) all dividends on the Preferred Units ceased to accrue, and (iii) all rights of the holders thereof as holders of Preferred Units ceased and terminated, except for the right to receive payment under the Redemption.

#### ***Net Income (loss) Attributable to Class A Common Stock (Previously Members)***

Net income (loss) attribution to holders of our Class A common stock represents our results after the provision for non-controlling interest, the effect of all taxes under the Up-C structure for the period subsequent to the Atlas Business Combination, and dividends due on redeemable preferred stock.

Net income (loss) for the historical results of Atlas Intermediate prior to the Atlas Business Combination is also reported within this line item.

## **RESULTS OF OPERATIONS**

#### ***Overview of Financial Results***

During the year ended December 31, 2021, we continued to integrate our businesses into the Atlas name and execute on our growth strategy by targeting accretive and deleveraging acquisitions that complement our existing platform and strengthen our position in select areas of the country. We closed both the acquisitions of Atlantic Engineering Laboratories of NY, Inc. (“AEL”) and O’Neill Service Group (“O’Neill”) in the second quarter. These firms will strengthen our position in the Northeast and Pacific Northwest, respectively.

Our focus on providing environmental and other professional services without undertaking direct construction risk or having the carbon footprint of a manufacturing entity provides a growing platform for us to assist our clients in addressing their ongoing Environmental, Social and Governance (“ESG”) objectives and maintaining compliance with local laws and regulations. Examples of projects awarded to us during the year end December 31, 2021 included an \$11 million contract with the US Bureau of Reclamation and a \$4 million contract with the City of Augusta, Georgia, a trend along with our infrastructure work that we expect to continue through 2021 and beyond.

In addition to record liquidity of \$50.7 million at December 31, 2021, we had strong operating income this year in comparison to an operating loss for the prior year as we benefited from the acquisitions we made during the latter part of 2020 and early 2021. We also saw a tempered rebound to pre-COVID levels in our legacy operations. Last year's operating loss was strongly impacted by the costs incurred with the Atlas Business Combination and the reduction to our revenues resulting from COVID-19.

However, we incurred higher interest expense charges in 2021 associated with the debt refinancing in February 2021. This year's interest expense included a \$15.2 million write-off of deferred financing costs. The debt refinancing simplified our capital structure and lowered our overall cost of capital. In the prior year, we had lower interest charges but incurred redeemable preferred stock dividends which were excluded from net income calculations.

We have experienced an increase in our cost of revenues expressed as a percentage of revenues due to changes in our project mix and increased labor availability and wage pressures affecting our industry as well as the greater U.S. labor sector. We are actively managing and updating our rates with our customers to mitigate this in future periods as well as assessing our existing workforce and its flexibility to mitigate the impact of future variants to the COVID-19 virus.

Backlog has grown to \$808 million with key wins this year including:

- \$44 million contract for program and construction management services on a significant project that will promote rail accessibility between Manhattan and surrounding areas;
- \$24 million contract with Georgia Department of Transportation to provide statewide subsurface utility engineering services;
- \$18 million contract for construction inspection services with the US Federal Highway Administration;
- \$15 million with TxDOT for design quality assurance on the Interstate 35 ("I-35") Northeast expansion project;
- \$18 million for quality assurance and verification services with the California Department of Transportation ("Caltrans"); and
- \$8 million contract with the Texas Department of Transportation ("TxDOT") for construction engineering and inspection services for the Odessa, Texas district.

These wins are indicative of the breadth of service offerings and the integration of our legacy companies with our acquisitions into a nationwide platform. For instance, the I-35 project will support a highly valued relationship with TxDOT by many of our legacy operating companies.

Our stock was added as a member to the Russell 3000<sup>®</sup> Index which we believe reflects on the progress we have made in creating shareholder value by delivering on significant milestones, including organic growth, accretive acquisitions, and optimization of our capital structure.

### ***Consolidated Results of Operations***

The following table represents our selected results of operations for the periods indicated (in thousands, except per share data).

	<b>For the Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenues	\$ 538,799	\$ 468,217
Cost of revenues	(284,002)	(245,714)
Operating expenses	(227,161)	(224,759)
Operating income (loss)	27,636	(2,256)
Interest expense	(54,817)	(24,673)
Loss before income taxes	(27,181)	(26,929)
Income tax expense	(2,524)	(718)
Net loss	(29,705)	(27,647)
Provision for non-controlling interest	13,216	16,558
Redeemable preferred stock dividends	(5,899)	(16,161)
Net loss attributable to Class A common stock shareholders/members	\$ (22,388)	\$ (27,250)
(Loss) Per Class A common share	\$ (0.81)	\$ (0.93)
Weighted average of shares outstanding:		
Class A common shares (basic and diluted)	27,799,511	6,696,473

## **Comparison of the year ended December 31, 2021 to 2020:**

### ***Revenue***

Revenue for the year ended December 31, 2021 increased by \$70.6 million, or 15%, to \$538.8 million as compared to \$468.2 million for the corresponding prior year period. The acquisitions of AltaVista, WesTest, AEL and O'Neill contributed \$57.7 million to the Company's revenues for the year ended December 31, 2021.

The remainder is due to our legacy business which has seen a measured rebound to pre-COVID-19 performance levels and experienced increased revenues on a significant, materials handling project in the Pacific Northwest for a longtime client. This was offset by the revenue declines in our Texas operations as two significant projects active in the year ended December 31, 2020 were placed on indefinite hold or temporarily scaled back by their respective owners in 2021 and not replaced by comparably sized projects.

### ***Cost of Revenue***

Cost of revenue for the year ended December 31, 2021 increased \$38.3 million, or 16%, to \$284.0 million, as compared to \$245.7 million for the corresponding prior year period. The increase in cost of revenues was due to the increase in revenues.

Cost of revenue, as a percentage of revenue, were relatively consistent at 52.7% and 52.5% for the years ended December 31, 2021 and 2020, respectively. The 0.2% increase when comparing the reporting periods was primarily due to a change in project mix when comparing the two years.

### ***Operating Expense***

Operating expense for the year ended December 31, 2021 increased by \$2.4 million, or 1%, to \$227.2 million as compared to \$224.8 million for the corresponding prior year period. For the year ended December 31, 2021, operating expense, as a percentage of revenue, decreased to 42.2% from 48.0% for the year ended December 31, 2020.

We would have expected a larger change in operating expense when comparing the two periods as the year ended December 31, 2020 included significant costs associated with the consummation of the Atlas Business Combination. The Company expensed \$7.5 million of acquisition related costs and \$12.0 million of costs incurred with change of control provisions contained within employment agreements and our former Management Incentive Plan during the year ended December 31, 2020. Costs associated with the Atlas Business Combination represented 4.2% of our revenues in the prior year.

We did not see a full \$19.5 million reduction in operating costs for the year ended December 31, 2021 as this period included \$17.1 million of additional costs relating to the timing of the Alta Vista, WesTest, AEL and O'Neill acquisitions as well as a non-cash charge of \$5.9 million relating to the change in the fair market value of contingent consideration associated with acquisitions.

The Company has also sought to reduce its reliance on external services firms that assisted us as we undertook the responsibilities of a newly public company and with financing and capital structure decisions in the prior year. During the current year, we have reduced those external costs but have incurred higher labor related costs, both in cash and non-cash form in an effort to retain and attract talent within our leadership team throughout the Company to fulfill those roles internally.

### ***Interest Expense***

Interest expense for the year ended December 31, 2021 increased by \$30.1 million, or 122%, to \$54.8 million, as compared to \$24.7 million for the corresponding prior year period. The primary reason for the increase was due to the write-off of deferred loan acquisition costs previously paid in 2020 in connection with the Atlas Business Combination in the amount of \$15.2 million in the year ended December 31, 2021 in comparison to a \$1.7 million write-off during the year ended December 31, 2020. These write-offs were a result of the repayment of the underlying credit agreements during their respective periods.

Interest expense also increased for the year ended December 31, 2021 due to higher interest rates and borrowing levels in part relating to the redemption of the Preferred Units. As the Preferred Units were redeemed, we will no longer record dividends for the remainder of the year but will experience an increase in interest expense with the balance of the new term loan increased with the new credit facilities entered into in February 2021.

### ***Income Tax Expense***

Income tax expense for the year ended December 31, 2021 was \$2.5 million, compared to income tax expense of \$0.7 million for the year ended December 31, 2020. The \$1.8 million increase in income tax expense was primarily due to the impacts of the AltaVista acquisition and the rebound from COVID-19 on our operations that are organized as C-Corps based in Northern California during the year ended December 31, 2021 in comparison to 2020.

### ***Provision for Non-controlling Interest***

The provision for non-controlling interest for the year ended December 31, 2021 decreased by \$3.4 million or 20% to \$13.2 million from \$16.6 million for the corresponding period. The provision for non-controlling interest is due to the reverse recapitalization created by the Atlas Business Combination whereby the initial holders of our Class B common stock only share in the results of Atlas Intermediate and its subsidiaries based upon their ownership percentage in relation to total common stockholders. This treatment is effective from the Atlas Business Combination until the exchange of Class B common stock to Class A common stock. Shares of Class B common stock issued subsequent to the Atlas Business Combination are not included in the Company's calculation of the non-controlling interest provision.

The decrease in the provision for non-controlling interest has been affected by the decision of our holders of Class B common stock to convert their shares to Class A common stock as their contractual lockups, as determined within the Atlas Business Combination, have expired and the timing of conversion is left to their discretion. This is evidenced by the fact that we had 18.3 million Class B common shares convert to Class A common stock during the year ended December 31, 2021.

Although the holders of Class B common stock participated at a higher rate during the period that spanned from the close of the Atlas Business Combination through December 31, 2020 than the year ended December 31, 2021 at 80.6% versus 22.7%, respectively, the decrease to the provision when comparing reporting periods was not commensurate with the participation rate decline. This was due to the fact that the prior year period excluded the costs incurred with the Atlas Business Combination as those costs pre-dated the new ownership structure. If those \$19.5 million of costs incurred were included in the provision, the provision would have been \$15.3 million greater last year than calculated and more consistent with the reduction in Class B common stock shareholder participation.

We expect the provision to continuously decline as the holders of Class B common stock only hold 9.0% of the Company as of December 31, 2021.

### ***Redeemable Preferred Stock Dividends***

Redeemable preferred stock dividends for the year ended December 31, 2021 decreased by \$10.3 million, or 64%, to \$5.9 million from \$16.2 million for the year ended December 31, 2020. During the prior year, we held the Preferred Units for ten and one-half months versus approximately two months in the current year as they were repaid on February 25, 2021. We would expect a more significant decline due to timing, but we had to accrete the remaining discount at redemption and that was approximately \$3.1 million of the dividends recorded in the year ended December 31, 2021. As noted above, this cost was replaced by higher interest expense this period in comparison to the prior period.

## **NON-GAAP FINANCIAL MEASURES**

### ***Adjusted EBITDA***

We view adjusted EBITDA, which is a non-GAAP financial measure, as an important indicator of performance. We define adjusted EBITDA as net income before interest expense, provision for income taxes, depreciation, and amortization, further adjusted to reflect non-cash equity compensation as well as certain one-time or non-recurring items.

We believe adjusted EBITDA is a useful performance measure because it allows for an effective evaluation of our operating performance when compared to our peers, without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at adjusted EBITDA because these amounts are either non-recurring or can vary substantially within the industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income determined in accordance with GAAP. Certain items excluded from adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are reflected in adjusted EBITDA. Our presentation of adjusted EBITDA should not be construed as an indication that results will be unaffected by the items excluded from adjusted EBITDA. Our computations of adjusted EBITDA may not be identical to other similarly titled measures of other companies.



The following table presents reconciliations of adjusted EBITDA to net income, our most directly comparable financial measure calculated and presented in accordance with GAAP.

	For the year ended December 31,	
	2021	2020
	(in millions)	
Net (loss) income	\$ (29.7)	\$ (27.6)
Interest <sup>(4)</sup>	54.8	24.7
Taxes	2.5	0.7
Depreciation and amortization	23.7	26.1
EBITDA	51.3	23.9
EBITDA for acquired business prior to acquisition date <sup>(1)</sup>	\$ -	\$ 0.8
One time legal/transaction costs and other non-recurring charges <sup>(2)</sup>	10.3	26.6
Non-cash change in fair value of contingent consideration	5.8	
Non-cash equity compensation <sup>(3)</sup>	5.8	11.4
Adjusted EBITDA	\$ 73.2	\$ 62.7

- (1) Includes the EBITDA of LONG (which we acquired in February 2020) for the period January 1, 2020 through the date of the acquisition.
- (2) Includes costs associated with lease accruals related to moving to a hybrid workforce, employee separation charges, professional service-related fees such as legal, accounting, tax, valuation and other consulting as well as change in control payments relating to the Atlas Business Combination and other M&A activity. Additionally, it includes costs related to the COVID-19 pandemic and other non-recurring expenses.
- (3) Includes the amortization of the unvested portion of our 2017 and 2019 Management Incentive Plan grants that vested immediately upon the change in control provisions contained within the agreements, the amortization of unvested restricted share units, performance share units and stock options granted in 2020 and 2021 to key management personnel and our compensation to our Board of Directors.
- (4) Includes \$15.2 million and \$1.7 million of write-offs relating to deferred financing fees for the years ended December 31, 2021 and 2020, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity and capital resources are our cash and cash equivalents balances, cash flow from operations, borrowings under the Atlas 2021 Credit Agreements (as defined below), and access to financial markets. Our principal uses of cash are operating expenses, working capital requirements, capital expenditures, repayment of debt and acquisition expenditures. We believe our sources of liquidity, including cash flow from operations, existing cash and cash equivalents and borrowing capacity under the Atlas 2021 Credit Agreements will be sufficient to meet projected cash requirements for at least the next twelve months.

We continue to assess our business operations and the impact that COVID-19 may have on our financial results and liquidity. Because of the COVID-19 pandemic and related project delays, during fiscal year 2020 we experienced a reduction in revenues and our cash flows in comparison to the previous comparable period. We will continue to monitor our capital requirements to ensure our needs are in line with available capital resources and we will continue to monitor the impact of COVID-19 on our liquidity. As of December 31, 2021, we had total liquidity of \$50.7 million compared to liquidity of \$39.0 million as of December 31, 2020.

Other than the impact on cash flows from operations relating to the increase in interest expense, we have not experienced other liquidity decreases.

### *Cash Flows*

The following table sets forth our cash flows for the periods indicated.

	For the year ended December 31,	
	2021	2020
	(in thousands)	
Net cash provided by operating activities	\$ 29,104	\$ 15,483
Net cash used in investing activities	(36,547)	(23,567)
Net cash provided by financing activities	4,078	1,961
Net (decrease) in cash and cash equivalents	\$ (3,365)	\$ (6,123)

## ***Comparison of the year ended December 31, 2021 to the year ended December 31, 2020***

### *Cash and Cash Equivalents.*

At December 31, 2021 and 2020, we had \$10.7 million and \$14.1 million of cash and cash equivalents, respectively.

### *Operating Activities*

Cash flow from operating activities is primarily generated from operating income from our professional and technical testing, inspection, engineering, environmental, program management and consulting services.

Net cash provided by operating activities was \$29.1 million for the year ended December 31, 2021, compared to \$15.5 million for the year ended December 31, 2020. The increase of \$13.6 was primarily due to our stronger operating income this year in comparison to the prior year.

### *Investing Activities*

Net cash used in investing activities was (\$36.5) million for the year ended December 31, 2021, compared to (\$23.6) million for the year ended December 31, 2020. The \$12.9 million increase in cash used was related to our acquisitions of AEL and O'Neill in the year ended December 31, 2021 when the prior year period only included the acquisitions of LONG, Alta Vista and WesTest. Please refer to Note 4 "Business Acquisitions" to the Consolidated Financial Statements for the terms and relative size of each acquisition.

### *Financing Activities*

Net cash provided by financing activities was \$4.1 million for the year ended December 31, 2021, compared to \$2.0 million provided by during the year ended December 31, 2020. The \$2.1 million increase to net cash provided by financing activities was primarily due to the \$35.0 million received from our term loan that was utilized for the acquisitions of AEL and O'Neill, netted by the (\$30.0) million we paid towards our revolving letter of credit. We also paid (\$1.2) million in redeemable preferred stock dividends and (\$1.7) million relating to contingent consideration during the year ended December 31, 2021. In comparison, we paid (\$6.6) million for redeemable preferred stock dividends in the year ended December 31, 2020.

The Company raised additional money during 2020 through the Atlas Credit Agreement, described herein, and the issuance of redeemable preferred stock which was used to pay a distribution to the former owners of Atlas Intermediate, acquire LONG and pay off the Atlas Credit Facility.

### ***Working Capital***

Working capital, or current assets less current liabilities, decreased by \$11.5 million, or 12%, to \$81.3 million at December 31, 2021 from \$92.8 million at December 31, 2020. This decrease was due primarily to increases in accounts payable of \$14.1 million and other current liabilities of \$14.5 million as of December 31, 2021 versus 2020 offset by a reduction in our short-term borrowings in the amount of (\$10.0) million at December 31, 2021 versus 2020.

Our increase in accounts payable were a result of our efforts to pay off our revolving letter or credit which is recorded as a non-current liability and appropriately excluded from working capital.

Our increase in other current liabilities was primarily due to fair market value adjustments we made to contingent consideration liabilities that are due companies we acquired in 2020 and 2021. Overall, the current portion of that liability increased \$19.8 million when comparing December 31, 2021 to 2020. A portion of that increase is due to timing of payments relating to first and second earnout periods of the Alta Vista and WesTest acquisitions and second earnout period of the LONG acquisition. The remainder is due to the acquisitions of AEL and O'Neill.

The reduction in short-term borrowings were due to the amounts considered due within one year from our balance sheet date and were calculated in accordance with the applicable credit agreements in place at the time of our balance sheet preparation.

### ***Debt Arrangements***

In March 2019, subsequent to the merger with ATC Group Partners ("ATC"), we repaid all outstanding balances on the combined entity's loan agreements in full and terminated our prior loan agreements. These loan agreements were replaced with a term loan of \$145.0 million and a revolving credit facility of \$50.0 million, of which \$31.8 million was funded at closing (the "Atlas Credit Facility"). Proceeds of the Atlas Credit Facility were used to repay existing debt of \$123.9 million and fund a shareholder distribution of \$52.8 million made in April 2019.

The Atlas Credit Facility was secured by assets of Atlas Intermediate. The Atlas Credit Facility required quarterly principal payments of \$2.719 million through March 31, 2023, and then \$3.625 million until the final maturity in March 2024, and bore interest at an annual rate of LIBOR plus a margin ranging from 275 to 425 basis points determined by the Company's Consolidated Leverage Ratio, as defined in the Atlas Credit Facility. For the interest payment made in the quarter ended December 31, 2019, the applicable margin was 375 basis points, and the total interest rate was 5.500%.

The Atlas Credit Facility was scheduled to mature in March 2024. However, in connection with the consummation of the Atlas Business Combination, the Atlas Credit Facility was repaid, and we entered into a new credit arrangement (the "Atlas Credit Agreement") with Macquarie Capital Funding LLC (the "Lender" or "Lead Arranger"). The Atlas Credit Agreement provided for a term loan (the "Term Loan") in the amount of \$281.0 million and revolving letter of credit (the "Revolver") in the amount of \$40.0 million, of which \$24.0 million was drawn upon through December 31, 2020. The term loan proceeds were used to repay the existing Atlas Credit Facility in the amount of \$171.0 million and partially fund the Atlas Business Combination and the acquisition of LONG.

Under the terms of the Atlas Credit Agreement, the Term Loan and Revolver were set to expire on February 14, 2027 and February 14, 2025, respectively. However, the Atlas Credit Agreement was repaid on February 25, 2021 in connection with the entry into the Atlas 2021 Credit Agreements described below. Interest was payable monthly or at the end of the applicable interest period in arrears on any outstanding borrowings. The interest rates under the Atlas Credit Agreement equaled either (i) Adjusted LIBOR (as defined in the Atlas Credit Agreement), plus 4.75%, or (ii) an Alternate Base Rate (as defined in the Atlas Credit Agreement), plus 3.75%.

The Atlas Credit Agreement was guaranteed by Holdings and secured by (i) a first priority pledge of the equity interests of subsidiaries of Holdings and Atlas Intermediate and (ii) a first priority lien on substantially all other assets of Holdings, Atlas Intermediate and all their direct and indirect subsidiaries.

On March 31, 2020, the terms of the Atlas Credit Agreement were modified to reduce the maturity of the Term Loan by one year to February 14, 2026 from February 14, 2027. The interest rate for the Term Loan was increased to (i) Adjusted LIBOR Rate as defined in the Atlas Credit Agreement, plus 6.25%, or (ii) an Alternate Base Rate as defined in the Atlas Credit Agreement, plus 5.25%. The interest rate for the Revolver was increased to (i) Adjusted LIBOR Rate as defined in the Atlas Credit Agreement, plus 5.0%, or (ii) an Alternate Base Rate as defined in the Atlas Credit Agreement, plus 4.0%. The modification also increased the rate of amortization applicable to the Term Loan to 5.0% per annum (commencing on June 30, 2020).

The modifications to the Atlas Credit Agreement resulted from the exercise of the market-flex rights by the Lead Arranger in connection with the syndication process, which, in addition, required the payment of an upfront fee in an amount equal to 2% of the currently outstanding Term Loans, which was subsequently paid in April 2020. The market-flex rights were included in the Atlas Credit Agreement and were exercised by the Lead Arranger upon completion of the time period allowed to complete a syndication process.

On February 25, 2021, Atlas Intermediate, as the borrower, entered into two new credit facilities consisting of (i) a \$432.0 million senior secured term loan at closing and, subject to the satisfaction of certain terms and conditions, a committed delayed draw term loan facility to be used for future acquisitions, within 18 month of February 25, 2021 and subject to certain conditions, in an aggregate principal amount of up to \$75.0 million, of which \$35 million has been used and \$40 million remains available as of December 31, 2021, and an uncommitted incremental term loan facility that may be incurred after closing (the "2021 Term Loan") pursuant to a Credit Agreement dated February 25, 2021, by and among Holdings, Atlas Intermediate, Wilmington Trust, National Association, as administrative agent and collateral agent, and certain lenders thereto, including certain Blackstone entities, which may include, Blackstone Alternative Credit Advisors LP, and its managed funds and accounts, and its affiliates, Blackstone Holdings Finance Co. L.L.C. and its affiliates, and/or certain other of their respective funds, accounts, clients managed, advised or sub-advised, or any of their respective affiliates (the "2021 Term Loan Agreement") and (ii) a \$40.0 million senior secured revolver which aggregate principal amount may be increased, subject to the satisfaction of certain terms and conditions, including obtaining commitments therefor, by up to \$20.0 million (the "2021 Revolver") pursuant to the Credit Agreement dated February 25, 2021, by and among Holdings, Intermediate, JPMorgan Chase Bank, N.A., as administrative agent, swingline lender, issuing bank, lender, sole bookrunner and sole lead arranger (the "2021 ABL Revolver Agreement," and together with the 2021 Term Loan Agreement, collectively the "Atlas 2021 Credit Agreements").

The initial 2021 Term Loan will mature on February 25, 2028 and the 2021 Revolver will mature on February 25, 2026.

Interest on any outstanding borrowings is payable monthly under the 2021 ABL Revolver Agreement, quarterly under the 2021 Term Loan Agreement or, in each case, at the end of the applicable interest period in arrears. The cash interest rates under the 2021 Term Loan Agreement will be equal to either (i) the Adjusted LIBO Rate (as defined in the 2021 Term Loan Agreement), plus 5.50%, or (ii) an Alternate Base Rate (as defined in the 2021 Term Loan Agreement), plus 4.50%. In addition, the term loan requires an additional 2.0% interest that can be made at the option of the Company in cash or payment-in-kind (PIK). The interest rates under the 2021 ABL Revolver Agreement will be equal to either (i) the Adjusted LIBO Rate (as defined in the 2021 ABL Revolver Agreement), plus 2.50%, or (ii) the ABR (as defined in the 2021 ABL Revolver Agreement), plus 1.50%.

The Atlas 2021 Credit Agreements are guaranteed by Holdings and secured by (i) in the case of the 2021 ABL Revolver Agreement, a first priority security interest in the current assets, including accounts receivable, of Holdings, Intermediate and its subsidiaries and (ii) in the case of the 2021 Term Loan Agreement, a pledge of the equity interests of the subsidiaries of Holdings and Intermediate, and subject to the first lien security interest on current assets under the 2021 Revolver, a first priority lien on substantially all other assets of Holdings, Intermediate and all of their direct and indirect subsidiaries.

The 2021 Term Loan Agreement contains a financial covenant which requires Holdings, Atlas Intermediate and all of their direct and indirect subsidiaries on a consolidated basis to maintain a Total Net Leverage Ratio (as defined in each of the Atlas 2021 Credit Agreements) tested on a quarterly basis that does not exceed (i) 8.25 to 1.00 with respect to the fiscal quarters ending on April 2, 2021 and July 2, 2021, (ii) 8.00 to 1.00 for the fiscal quarters ending October 1, 2021 and December 31, 2021, (iii) 7.50 to 1.00 for the fiscal quarters ending April 1, 2022 and July 1, 2022, (iv) 7.25 to 1.00 for the fiscal quarters ending September 30, 2022 and December 30, 2022, (v) 7.00 to 1.00 for the fiscal quarters ending March 31, 2023 and June 30, 2023, (vi) 6.75 to 1.00 for the fiscal quarters ending September 29, 2023 and December 29, 2023, and (vii) 6.50 to 1.00 for March 29, 2024 and each fiscal quarter ending thereafter.

The 2021 ABL Revolver Agreement contains a “springing” financial covenant which requires Holdings, Intermediate and all their direct and indirect subsidiaries on a consolidated basis to maintain a Fixed Charge Coverage Ratio (as defined in the 2021 ABL Revolver Agreement) of no less than 1.10 to 1.00 when the outstanding principal amount of loans under the 2021 Revolver exceeds \$0 or the aggregate exposure for letters of credit under the 2021 Revolver exceeds \$5 million.

The Company has been in compliance with the terms of the Atlas 2021 Credit Agreement and Atlas Credit Agreement as of December 31, 2021 and 2020, respectively.

Our debt balances are summarized as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	(in thousands)	
Atlas 2021 credit agreement	\$ 473,392	\$ -
Atlas credit agreement	-	294,463
Subtotal	473,392	294,463
Less: Loan costs, net	(7,593)	(15,443)
Less current maturities of long-term debt	(3,606)	(14,050)
Long-term debt	<u>\$ 462,193</u>	<u>\$ 264,970</u>

The following table presents, in millions, scheduled maturities of the Company’s debt as of December 31, 2021:

2022	\$ 3.6
2023	4.9
2024	4.9
2025	4.9
2026	5.0
Thereafter	450.1
	<u>\$ 473.4</u>

Our average effective interest rate on our total debt, exclusive of amortization of deferred debt issuance costs, during the year ended December 31, 2021 and 2020 was 8.2% and 7.0%, respectively.

Interest expense, inclusive of amortization of deferred debt issuance costs, in the consolidated statements for the year ended December 31, 2021 and 2020 was \$54.8 million and \$24.7 million, respectively. If the amortization of deferred debt issuance costs were excluded, interest expense would be \$39.6 million and \$23.0 million for the years ended December 31, 2021 and 2020, respectively.

**Other Commitments and Contingencies**

In connection with our acquisitions during the year ended December 31, 2020, we may be required to pay earnout bonuses upon the achievement of certain performance targets. This amount may be paid in installments over the first, second and third anniversaries of the acquisition. We have currently accrued \$19.8 million and \$11.6 million as the fair value of that liability within other current and other long-term liabilities, respectively, within our Consolidated Balance Sheet at December 31, 2021, which is temporary and subject to finalization.

As part of our self-insurance policies, we are required to furnish standby letters of credit to our reinsurers. We had \$3.7 million of standby letters of credit in effect as of December 31, 2021.

The Company enters into operating leases relating to office space and equipment leases in the ordinary course of business. Remaining amounts due, in millions, as of December 31, 2021 are as follows:

2022	\$	14.1
2023		11.9
2024		8.1
2025		4.4
2026		2.9
Thereafter		4.1
	<u>\$</u>	<u>45.5</u>

During 2020, the Company entered into an agreement with its fleet management company pursuant to which it would receive rebates of \$1.3 million to be repaid over three years at an interest rate of 2.85% per annum. The rebates were secured by title to selected vehicles within the Company’s owned fleet of vehicles in Georgia and California.

During the fourth quarter of the year ended December 31, 2021, the Company entered into a similar agreement with its fleet management company in which it would receive \$1.6 million secured by vehicles owned by O’Neill. Financial terms for the O’Neill transaction were similar to agreement entered into during 2020.

Remaining payments are as follows:

2022	\$	1.0
2023		0.7
2024		0.5
	<u>\$</u>	<u>2.2</u>

### ***Critical Accounting Policies and Estimates***

The preparation of consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

#### ***Revenue Recognition***

Our accounting policies establish principles for recognizing revenue upon the transfer of control of promised goods or services to customers. We generally recognize revenues over time as performance obligations are satisfied. In the course of providing these services, we may subcontract for services and incur other direct costs on behalf of our clients. These costs are passed through to clients, and in accordance with accounting rules, are included in our revenue and cost of revenue. Please refer to Note 2 “Summary of Significant Accounting Policies,” to the Consolidated Financial Statements for further information.

#### ***Recent accounting pronouncements***

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on our financial statements.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required.

### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

This information appears following Item 15 of this report and is included herein by reference.

### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

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

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time period specified in the SEC’s rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our current chief executive officer and chief financial officer (our “Certifying Officers”), the effectiveness of our disclosure controls and procedures as of December 31, 2021, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of December 31, 2021, our disclosure controls and procedures were effective.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

### *Management's Report on Internal Controls Over Financial Reporting*

As required by SEC rules and regulations implementing Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company,
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect errors or misstatements in our financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting at December 31, 2021. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on our assessments and those criteria, management determined that we maintained effective internal control over financial reporting as of December 31, 2021.

This Annual Report on Form 10-K does not include an attestation report of internal controls from our independent registered public accounting firm due to our status as an emerging growth company under the JOBS Act.

#### *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 9B. OTHER INFORMATION**

None.

### **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Incorporated by reference from our definitive proxy statement for the 2022 Annual Meeting of Stockholders, to be filed within 120 days of our fiscal 2021 year end.

#### **ITEM 11. EXECUTIVE COMPENSATION**

Incorporated by reference from our definitive proxy statement for the 2022 Annual Meeting of Stockholders, to be filed within 120 days of our fiscal 2021 year end.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS**

Incorporated by reference from our definitive proxy statement for the 2022 Annual Meeting of Stockholders, to be filed within 120 days of our fiscal 2021 year end.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Incorporated by reference from our definitive proxy statement for the 2022 Annual Meeting of Stockholders, to be filed within 120 days of our fiscal 2021 year end.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Incorporated by reference from our definitive proxy statement for the 2022 Annual Meeting of Stockholders, to be filed within 120 days of our fiscal 2021 year end.



## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

- (1) Financial Statements

	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB #248)</a>	F-2
<a href="#">Balance Sheets</a>	F-3
<a href="#">Statements of Operations</a>	F-4
<a href="#">Statements of Changes in Stockholders' Equity</a>	F-5
<a href="#">Statements of Cash Flows</a>	F-6
<a href="#">Notes to Financial Statements</a>	F-7 - F-30

- (2) Financial Statement Schedules

None.

- (3) Exhibits

We hereby file as part of this report the exhibits listed in the below Exhibit Index.

<b>Exhibit No.</b>	<b>Description</b>
2.1	<a href="#"><u>Unit Purchase Agreement, dated August 12, 2019, by and among the Company, Atlas TC Holdings LLC, Atlas TC Buyer LLC, Atlas Intermediate Holdings LLC and Atlas Technical Consultants Holdings LP (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 13, 2019).</u></a>
2.2	<a href="#"><u>Amendment No. 1 to Unit Purchase Agreement, dated as of January 23, 2020, by and among the Company, Atlas TC Holdings LLC, Atlas TC Buyer LLC, Atlas Intermediate Holdings LLC and Atlas Technical Consultants LP (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2020).</u></a>
3.1	<a href="#"><u>Second Amended and Restated Certificate of Incorporation of Atlas Technical Consultants, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>
3.2	<a href="#"><u>Second Amended and Restated Bylaws of Atlas Technical Consultants, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>
4.1	<a href="#"><u>Warrant Agreement, dated November 15, 2018, between the Company and Continental Stock Transfer &amp; Trust Company (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018).</u></a>
4.2	<a href="#"><u>Amendment No. 1 to Warrant Agreement, dated as of November 17, 2020, by and among the Company and Continental Stock Transfer &amp; Trust Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 17, 2020).</u></a>
4.3*	<a href="#"><u>Description of Securities.</u></a>
4.4	<a href="#"><u>Specimen Class A common stock Certificate (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 (File No. 333-228018), filed with the SEC on November 15, 2018).</u></a>
4.5	<a href="#"><u>Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 333-228018), filed with the SEC on November 15, 2018).</u></a>
10.1	<a href="#"><u>Subscription Agreement, dated as of February 14, 2020 between Atlas TC Holdings LLC and GSO COF III AIV-2 LP (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>
10.2	<a href="#"><u>Support Letter, dated as of February 14, 2020, between Boxwood Merger Corp. and GSO Capital Partners LP (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>
10.3	<a href="#"><u>Credit Agreement, dated as of February 14, 2020, by and among Atlas TC Holdings LLC, Atlas TC Buyer LLC, Atlas Intermediate Holdings LLC, the lenders and issuing banks from time to time party thereto, and Macquarie Capital Funding LLC, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>
10.4	<a href="#"><u>Amendment No. 1 to the Credit Agreement, dated March 30, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 3, 2020).</u></a>
10.5	<a href="#"><u>Amendment No. 2 to the Credit Agreement, dated March 31, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 3, 2020).</u></a>
10.6	<a href="#"><u>Credit Agreement, dated as of February 25, 2021, by and among Atlas TC Holdings LLC, Atlas Intermediate Holdings LLC, the lenders and issuing banks from time to time party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2020).</u></a>
10.7	<a href="#"><u>Credit Agreement, dated as of February 25, 2021, by Atlas TC Holdings LLC, Atlas Intermediate Holdings LLC, JPMorgan Chase Bank, N.A., as administrative agent, swingline lender, an issuing bank and lender and the other lenders from time to time thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2020).</u></a>
10.8	<a href="#"><u>Nomination Agreement dated as of February 14, 2020, by and among Atlas Technical Consultants, Inc., BCP Energy Services Fund, LP, BCP Energy Services Fund-A, LP and BCP Energy Services Executive Fund, LP (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>
10.9	<a href="#"><u>Registration Rights Agreement, dated as of February 14, 2020, by and among Atlas Technical Consultants, Inc. and Atlas Technical Consultants Holdings LP and its limited partners (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>
10.10	<a href="#"><u>Registration Rights Agreement, dated as of February 14, 2020, by and among Boxwood Merger Corp. and GSO Capital Opportunities Fund III LP (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020).</u></a>

- 10.11 [Voting Agreement, dated as of February 14, 2020, by and between Atlas Technical Consultants, Inc. and Boxwood Sponsor LLC \(incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020\).](#)
- 10.12 [Lockup Agreement, dated as of February 14, 2020, by and between Atlas Technical Consultants, Inc. and Boxwood Sponsor LLC \(incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020\).](#)
- 10.13 [Amended and Restated Limited Liability Company Agreement of Atlas TC Holdings LLC, dated as of February 14, 2020 \(incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020\).](#)
- 10.14 [Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of Atlas TC Holdings LLC, dated as of February 25, 2021, by Atlas Technical Consultants, Inc. \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2020\).](#)
- 10.15 [Restrictive Covenant Agreement, dated February 14, 2020, by and among Atlas Technical Consultants Holdings LP, Atlas Technical Consultants, SPV, LLC and Arrow Environmental SPV, LLC \(incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020\).](#)
- 10.16† [Atlas Technical Consultants, Inc. 2019 Omnibus Incentive Plan \(incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020\).](#)
- 10.17 [Commitment Letter, dated as of January 23, 2020, by and among Boxwood Merger Corp., Atlas TC Holdings LLC and GSO Capital Partners LP \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2020\).](#)
- 10.18 [Closing Payment Letter, dated as of January 23, 2020, by and among Boxwood Merger Corp., Atlas TC Holdings LLC and GSO Capital Partners LP \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2020\).](#)
- 10.19 [Forfeiture Agreement, dated as of January 23, 2020, by and among Boxwood Sponsor, LLC and Atlas Technical Consultants Holdings LP \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2020\).](#)
- 10.20 [Amendment No. 1 to Commitment Letter, dated as of January 23, 2020, by and among Boxwood Merger Corp., Macquarie Capital Funding LLC, Macquarie Capital \(USA\) Inc. and Natixis, New York Branch \(incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2020\).](#)
- 10.21 [Debt Commitment Letter, dated August 12, 2019, by and among Boxwood Merger Corp., Macquarie Capital Funding LLC, Macquarie Capital \(USA\) Inc. and Natixis, New York Branch \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 13, 2019\).](#)
- 10.22† [Employment Agreement, dated as of August 12, 2019, by and between Boxwood Merger Corp. and L. Joe Boyer \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 13, 2019\).](#)
- 10.23 [Stockholder Support Agreement, dated as of August 12, 2019, by and between Atlas Technical Consultants Holdings LP, Boxwood Sponsor LLC, MIHI Boxwood Sponsor LLC, MIHI LLC, Boxwood Management Company, LLC and the Company's officers and directors \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on August 13, 2019\).](#)
- 10.24 [Letter Agreement, dated November 15, 2018, among the Company, Boxwood Sponsor, LLC, and each of the officers and directors of the Company \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018\).](#)
- 10.25 [Investment Management Trust Agreement, dated November 15, 2018, between the Company and Continental Stock Transfer & Trust Company \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018\).](#)
- 10.26 [Registration Rights Agreement, dated November 15, 2018, among the Company, Boxwood Sponsor, LLC and initial stockholders party thereto \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018\).](#)
- 10.27 [Securities Purchase Agreement, dated November 15, 2018, between the Company and Boxwood Sponsor, LLC \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018\).](#)
- 10.28† [Expense Advancement Agreement, dated November 15, 2018, between the Company and Boxwood \(incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018\).](#)

10.29	<a href="#">Letter Agreement, dated November 15, 2018, between the Company and Macquarie Capital (USA) Inc. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018).</a>
10.30	<a href="#">Letter Agreement, dated November 15, 2018, among the Company, MIHI LLC and Boxwood Management Company, LLC (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2018).</a>
10.31	<a href="#">Promissory Note, Dated August 22, 2018, issued to Boxwood Sponsor LLC (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 filed with the SEC on October 26, 2018).</a>
10.32	<a href="#">Securities Subscription Agreement, dated June 28, 2017, between the Registrant and MIHI LLC (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 filed with the SEC on October 26, 2018).</a>
10.33†	<a href="#">Form of Indemnification Agreement (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 filed with the SEC on October 26, 2018).</a>
10.34	<a href="#">Securities Assignment Agreement, dated as of October 22, 2018, between Boxwood Sponsor LLC and the independent director nominees (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 filed with the SEC on October 26, 2018).</a>
10.35†	<a href="#">Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 09, 2020).</a>
10.36†	<a href="#">Form of RSU Award Agreement (Director) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form S-8 filed with the SEC on April 17, 2020).</a>
10.37†	<a href="#">Employment Agreement, dated as of May 11, 2020, by and between Atlas Technical Consultants, Inc. and David Quinn (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 10, 2020).</a>
10.38†	<a href="#">Employment Agreement, dated as of May 11, 2020, by and between Atlas Technical Consultants, Inc. and Gary Cappa (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 10, 2020).</a>
10.39†	<a href="#">Employment Agreement, dated as of May 11, 2020, by and between Atlas Technical Consultants, Inc. and Walter Powell (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 10, 2020).</a>
10.40†	<a href="#">Form of RSU Award Agreement (Employee) (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 10, 2020).</a>
10.41†	<a href="#">Form of RSU Award Agreement (Current Executive) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 17, 2021).</a>
10.42†	<a href="#">Form of RSU Award Agreement (Future Executive) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 17, 2021).</a>
10.43†	<a href="#">Form of PSU Award Agreement (Employee) (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 17, 2021).</a>
10.44†	<a href="#">Form of PSU Award Agreement (Executive) (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 17, 2021).</a>
10.45*†	<a href="#">Amendment No. 1 to Employment Agreement, dated as of December 17, 2021, by and between Atlas Technical Consultants LLC and L. Joe Boyer.</a>
10.46*†	<a href="#">Amended and Restated Employment Agreement, dated as of December 17, 2021, by and between Atlas Technical Consultants LLC and David D. Quinn, Sr.</a>
21.1*	<a href="#">Subsidiaries of the Company.</a>
23.1*	<a href="#">Consent of Independent Registered Public Accounting Firm.</a>
31.1*	<a href="#">Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).</a>
31.2*	<a href="#">Certification of the Principal Financial and Accounting Officer required by Rule 13a-14(a) or Rule 15d-14(a).</a>
32.1**	<a href="#">Certification of the Principal Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.</a>
32.2**	<a href="#">Certification of the Principal Financial and Accounting Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.</a>
101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

† Indicates management contract or compensatory plan or arrangement.

ATLAS TECHNICAL CONSULTANTS, INC.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders  
Atlas Technical Consultants, Inc.

### Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Atlas Technical Consultants, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations, changes in shareholders’ deficit and members’ capital, and cash flows for each of the two years in the period ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, 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. Those standards require that we plan and perform the audits 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.

GRANT THORNTON LLP

We have served as the Company’s auditor since 2017.  
Houston, Texas  
March 15, 2022

**ATLAS TECHNICAL CONSULTANTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share data)

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 10,697	\$ 14,062
Accounts receivable, net	105,362	99,822
Unbilled receivables, net	45,924	38,350
Prepaid expenses	5,061	5,874
Other current assets	<u>4,039</u>	<u>4,557</u>
Total current assets	171,083	162,665
Property and equipment, net	13,757	14,134
Intangible assets, net	107,314	86,008
Goodwill	124,348	109,001
Other long-term assets	<u>4,015</u>	<u>4,254</u>
<b>TOTAL ASSETS</b>	<u>\$ 420,517</u>	<u>\$ 376,062</u>
<b>LIABILITIES, REDEEMABLE PREFERRED STOCK, SHAREHOLDERS' DEFICIT</b>		
Current liabilities:		
Trade accounts payable	\$ 42,521	\$ 28,456
Accrued liabilities	17,124	15,011
Current maturities of long-term debt	3,606	14,050
Other current liabilities	<u>26,489</u>	<u>12,036</u>
Total current liabilities	89,740	69,553
Long-term debt, net of current maturities and loan costs	462,193	264,970
Other long-term liabilities	<u>20,074</u>	<u>24,296</u>
Total liabilities	572,007	358,819
<b>COMMITMENTS AND CONTINGENCIES (NOTE 14)</b>		
Redeemable preferred stock	-	151,391
Class A common stock, \$0.0001 par value, 400,000,000 shares authorized, 33,645,212 and 12,841,584 shares issued and outstanding at December 31, 2021 and 2020, respectively	3	1
Class B common stock, \$0.0001 par value, 100,000,000 shares authorized, 3,328,101 and 22,438,828 shares issued and outstanding at December 31, 2021 and 2020, respectively	-	2
Additional paid in capital	(102,692)	(37,382)
Non-controlling interest	(20,210)	(90,566)
Retained deficit	<u>(28,591)</u>	<u>(6,203)</u>
Total shareholders' deficit	<u>(151,490)</u>	<u>(134,148)</u>
<b>TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK, SHAREHOLDERS' DEFICIT</b>	<u>\$ 420,517</u>	<u>\$ 376,062</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**ATLAS TECHNICAL CONSULTANTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)

	<b>For the Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenues	\$ 538,799	\$ 468,217
Cost of revenues	(284,002)	(245,714)
Operating expenses	(227,161)	(224,759)
Operating income (loss)	27,636	(2,256)
Interest expense	(54,817)	(24,673)
Loss before income taxes	(27,181)	(26,929)
Income tax expense	(2,524)	(718)
Net loss	(29,705)	(27,647)
Provision for non-controlling interest	13,216	16,558
Redeemable preferred stock dividends	(5,899)	(16,161)
Net loss attributable to Class A common stock shareholders/members	\$ (22,388)	\$ (27,250)
(Loss) Per Class A common share	\$ (0.81)	(0.93)
Weighted average of shares outstanding:		
Class A common shares (basic and diluted)	27,799,511	6,696,473

The accompanying notes are an integral part of these Consolidated Financial Statements.



**ATLAS TECHNICAL CONSULTANTS, INC. AND SUBSIDIARIES**  
**STATEMENTS OF SHAREHOLDERS' DEFICIT AND MEMBERS' CAPITAL**  
(in thousands)

	<b>Consolidated Statement of Shareholders' Deficit and Members' Capital</b>								
	<b>Class A Common Stock</b>		<b>Class B Common Stock</b>		<b>Additional Paid in Capital</b>	<b>Members' Capital</b>	<b>Non- Controlling Interests</b>	<b>Retained Deficit</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>					
Balance at December 31, 2019		\$ -		\$ -	\$ -	\$ 127,443	\$ -	\$ -	\$ 127,443
Member distributions						(21,830)			(21,830)
Equity based compensation					950	9,845			10,795
Net loss prior to Atlas Business Combination						(21,047)			(21,047)
Recapitalization in connection with Atlas Business Combination	5,767	1	23,974	2	(23,632)	(94,411)	(96,990)		(215,030)
Net loss post Atlas Business Combination							(3,825)	(2,775)	(6,600)
Issuance of Common Stock	374		777		2,010		6,989		8,999
Conversion of shares	2,311		(2,312)		(16,710)		16,710		-
Distribution to Noncontrolling Interests							(717)		(717)
Warrant Exchange	4,390								-
Dividends on redeemable preferred stock							(12,733)	(3,428)	(16,161)
Balance at December 31, 2020	<u>12,842</u>	<u>\$ 1</u>	<u>22,439</u>	<u>\$ 2</u>	<u>\$ (37,382)</u>	<u>\$ -</u>	<u>\$ (90,566)</u>	<u>\$ (6,203)</u>	<u>\$ (134,148)</u>
Balance at December 31, 2020	12,842	\$ 1	22,439	\$ 2	\$ (37,382)	\$ -	\$ (90,566)	\$ (6,203)	\$ (134,148)
Equity based compensation, net of share withheld for taxes					3,042				3,042
Net loss							(9,701)	(20,004)	(29,705)
Issuance of Common Stock	1,693	-			16,007				16,007
Conversion of shares	19,111	2	(19,111)	(2)	(84,359)		84,359		-
Distribution to Noncontrolling Interests							(787)		(787)
Dividends on redeemable preferred stock							(3,515)	(2,384)	(5,899)
Balance at December 31, 2021	<u>33,646</u>	<u>\$ 3</u>	<u>3,328</u>	<u>\$ 0</u>	<u>\$ (102,692)</u>	<u>\$ -</u>	<u>\$ (20,210)</u>	<u>\$ (28,591)</u>	<u>\$ (151,490)</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**ATLAS TECHNICAL CONSULTANTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands; continued next page)

	For the year ended December 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net (loss)	\$ (29,705)	\$ (27,647)
<b>Adjustments to reconcile net (loss) to net cash provided by operating activities:</b>		
Depreciation and amortization	23,679	26,057
Equity based compensation expense	3,627	10,795
Interest expense, paid in kind	6,392	-
(Gain) loss on sale of property and equipment	(21)	39
Write-off of deferred financing costs related to debt extinguishment	15,197	1,712
Amortization of deferred financing costs	1,248	2,508
Provision for bad debts	36	607
<b>Changes in assets &amp; liabilities:</b>		
(Increase) decrease in accounts receivable and unbilled receivable	(2,629)	3,519
(Increase) decrease in prepaid expenses	(1,523)	(45)
(Increase) in other current assets	(187)	(3,745)
Increase (decrease) in trade accounts payable	13,261	(4,603)
(Decrease) increase in accrued liabilities	(3,320)	5,127
Increase in other current and long-term liabilities	2,806	2,370
Decrease (Increase) in other long-term assets	243	(1,211)
<b>Net cash provided by operating activities</b>	<b>29,104</b>	<b>15,483</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(3,956)	(3,498)
Proceeds from disposal of property and equipment	78	318
Purchase of business, net of cash acquired	(32,669)	(20,387)
<b>Net cash used in investing activities</b>	<b>(36,547)</b>	<b>(23,567)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	496,754	339,000
Payment of loan acquisition costs	(8,589)	(17,949)
Repayments of debt	(294,463)	(215,683)
Net payments on revolving line of credit	(29,760)	-
Proceeds from issuance of redeemable preferred stock	-	141,840
Repayment of redeemable preferred stock	(156,186)	-
Payments of redeemable preferred stock dividends	(1,185)	(6,611)
Issuance of common stock	-	10,229
Member distributions	-	(21,830)
Distributions to non-controlling interests	(787)	(717)
Payment to shareholders associated with Atlas Business Combination	-	(226,318)
Payment of contingent earn-out	(1,706)	-
<b>Net cash provided by financing activities</b>	<b>4,078</b>	<b>1,961</b>
<b>Net change in cash and equivalents</b>	<b>(3,365)</b>	<b>(6,123)</b>
<b>Cash and equivalents - beginning of period</b>	<b>14,062</b>	<b>20,185</b>
<b>Cash and equivalents - end of period</b>	<b>\$ 10,697</b>	<b>\$ 14,062</b>
<b>Supplemental information:</b>		
Cash paid during the period for:		
Interest	\$ 24,927	\$ 20,453
Taxes	906	745
Capital assets financed	6	165
Contingent consideration share settled	2,000	1,060
Payroll taxes, share settled	585	-

The accompanying notes are an integral part of these Consolidated Financial Statements.

**ATLAS TECHNICAL CONSULTANTS, INC. AND SUBSIDIARIES**  
**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION**

***Organization***

Atlas Technical Consultants, Inc. (the “Company”, “We”, or “Atlas” and formerly named Boxwood Merger Corp. (“Boxwood”)) was a blank check company, incorporated in Delaware on June 28, 2017. The Company was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, recapitalization, or other similar business transaction, one or more operating businesses or assets.

On February 14, 2020 (the “Closing Date”), the Company consummated its acquisition of Atlas Intermediate Holdings LLC, a Delaware limited liability company (“Atlas Intermediate”), pursuant to the Unit Purchase Agreement, dated as of August 12, 2019, as amended on January 22, 2020 (the “Purchase Agreement”), by and among the Company, Atlas TC Holdings LLC, a wholly-owned subsidiary of the Company and a Delaware limited liability company (“Holdings”), Atlas TC Buyer LLC, a wholly-owned subsidiary of Holdings and a Delaware limited liability company (the “Buyer”), Atlas Intermediate and Atlas Technical Consultants Holdings LP, a Delaware limited partnership (the “Seller”). The acquisition of Atlas Intermediate pursuant to the Purchase Agreement, together with the other transactions contemplated by the Purchase Agreement is referred to herein as the “Atlas Business Combination.”

Following the consummation of the Atlas Business Combination, the combined company is organized in an “Up-C” structure in which the business of Atlas Intermediate and its subsidiaries is held by Holdings and will continue to operate through the subsidiaries of Atlas Intermediate, and in which the Company’s only direct assets will consist of common units of Holdings (“Holdings Units”). The Company is the sole manager of Holdings in accordance with the terms of the Amended and Restated Limited Liability Company Agreement of Holdings (the “Holdings LLC Agreement”) entered into in connection with the consummation of the Atlas Business Combination.

The Company has approximately 145 offices in 41 states, employs approximately 3,450 employees, and is headquartered in Austin, Texas.

The Company provides public and private sector clients with comprehensive support in managing infrastructure improvement and environmental programs including testing, inspection & certification (TIC) services, complete array of environmental (ENV) services, program/construction/quality management (PCQM) services, as well as engineering & design (E&D) services.

Services are provided throughout the United States and its territories to a broad base of clients, with no single client representing 10% or more of our revenues for either the years ended December 31, 2021 or 2020. Services are rendered primarily on a time and materials and cost-plus basis with approximately 90% of our contracts on that basis and the remainder represented by firm fixed price contracts.

***Basis of Presentation***

The acquisition of Atlas Intermediate has been accounted for as a reverse recapitalization. Under this method of accounting, Atlas is treated as the acquired company and Atlas Intermediate is treated as the acquirer for financial reporting purposes. Therefore, the consolidated financial results include information regarding Atlas Intermediate as the Company’s predecessor entity. Thus, the financial statements included in this report reflect (i) the historical operating results of Atlas Intermediate prior to the Atlas Business Combination; (ii) the combined results of the Company, which does not have any operating results and includes only certain costs such as the compensation for the Company’s board of directors (the “Board”), certain legal fees and taxes, and Atlas Intermediate following the Atlas Business Combination; (iii) the assets, liabilities and members’ capital of Atlas Intermediate at their historical costs; and (iv) the Company’s equity and earnings per share presented for the period from the Closing Date.

### ***Emerging Growth Company***

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act (as defined herein), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

The Company currently anticipates its emerging growth status to expire during the quarter ended December 29, 2023.

### ***Fiscal Year***

Prior to this fiscal year, the Company’s subsidiaries reported their results of operations based on 52 or 53-week periods ending on the Friday nearest but not subsequent to December 31, while Atlas reported on a calendar year end. For clarity of presentation, all periods were presented as if the year ended on December 31. During each quarter, our subsidiaries would close on the Friday closest to March 31, June 30, and September 30, and Atlas closed on the actual calendar day. The impact of the difference between these dates has been insignificant to date. The Company appropriately eliminated all transactions between itself and its subsidiaries when presenting its Consolidated Balance Sheet.

On January 4, 2021, the Company’s Board voted unanimously to change the Company’s fiscal year end from December 31 to a 52- or 53-week fiscal year ending on the Friday closest to December 31, effective as of the commencement of the Company’s fiscal year beginning January 1, 2021. Unlike prior years, the Company’s fiscal year can now end after December 31 if that is the Friday closest to the end of the calendar year. Beginning with the first quarter of 2021, Atlas and its operating companies closed their quarterly books on the Fridays closest to March 31, June 30, and September 30, respectively, and will close its fiscal year on the Friday closest to December 31. Had the Company made the change in 2020, the effect on the Company’s Consolidated Statement of Operations would have been immaterial, however, we would have reported additional debt repayments, interest payments and preferred stock dividends in the amount of \$7.5 million in the nine months ended October 1, 2021. These payments were made at the end of the calendar year ended December 31, 2020 and were appropriately reflected in the financial statements as of and for the year ended December 31, 2020.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Accounts Receivable and Accrued Billings***

The Company records its trade accounts receivable and unbilled receivables at their face amounts less allowances. On a periodic basis, the Company monitors the trade accounts receivable and unbilled receivables from its customers for any collectability issues. The allowance for doubtful accounts is established based on reviews of individual customer accounts, recent loss experience, current economic conditions, and other pertinent factors. The Company writes off accounts after a determination has been made by management that the amounts at issue are no longer likely to be collected, following the exercise of reasonable collection efforts, and upon management's determination that the costs of pursuing collection outweigh the likelihood of recovery. Payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

As of December 31, 2021, and 2020, the allowance for trade accounts receivable was \$3.3 million and \$2.2 million, respectively, while the allowance for unbilled receivables was \$0.6 million and \$0.4 million, respectively. The allowances reflect the Company's best estimate of collectability risks on outstanding receivables and unbilled services.

### ***Property and Equipment***

Purchases of new assets and costs of improvement to extend the useful life of existing assets are capitalized. Routine maintenance and repairs are charged to expenses as incurred. When an asset is sold or retired, the costs and related accumulated depreciation are eliminated from the accounts, and the resulting gains or losses on disposal are recognized in the accompanying Consolidated Statement of Operations. The Company depreciates its assets on a straight-line basis over the assets' useful lives, which range from three to ten years.

### ***Impairment of Long-Lived Assets***

The Company assesses long-lived assets for impairment when events or circumstances indicate that the carrying value of an asset may not be recoverable. The Company recognizes an impairment if the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. If an impairment is indicated based on a comparison of the assets' carrying amounts and the undiscounted cash flows, the impairment loss is measured as the amount by which the carrying amounts of the assets exceed the respective fair values of the assets. There were no impairment charges for the years ended December 31, 2021 and 2020.

### ***Goodwill***

Goodwill represents the excess of the cost of net assets acquired over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, Intangibles – Goodwill and Other, we evaluate goodwill annually for impairment on October 1, or whenever events or changes in circumstances indicate the asset may be impaired, using the quantitative method. An entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. These qualitative factors include macroeconomic and industry conditions, cost factors, overall financial performance, and other relevant entity-specific events. If we determine that this threshold is met, then performing the two-step quantitative impairment test is unnecessary. We may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. The two-step impairment test requires a comparison of the carrying value of the assets and liabilities associated with a reporting unit, including goodwill, with the fair value of the reporting unit. We determine fair value through the discounted cash flow method. We make certain subjective and complex judgments in assessing whether an event of impairment of goodwill has occurred, including assumptions and estimates used to determine the fair value of our reporting units. If the carrying value of our reporting unit exceeds the fair value of our reporting unit, we would calculate the implied fair value as compared to the carrying value to determine the appropriate impairment charge, if any. There were no impairment charges for the years ended December 31, 2021 and 2020.

## ***Revenue Recognition***

Below is a description of the basic types of contracts from which the Company may earn revenue:

### **Time and Materials Contracts**

Under the time and materials (“T&M”) arrangements, contract fees are based upon time and materials incurred. The contracts may be structured as basic time and materials, cost plus a margin or time and materials subject to a maximum contract value (the “ceiling”). Due to the potential limitation of the contract’s ceiling, the economic factors of the contracts subject to a ceiling differ from the economic factors of basic T&M and cost-plus contracts.

The majority of the Company’s contracts are for projects where it bills the client monthly at hourly billing or unit rates. The billing rates are determined by contract terms. Under cost plus contracts, the Company charges its clients for contract related costs at cost, an agreed upon overhead rate plus a fixed fee or rate.

Under time and materials contracts with a ceiling, the Company charges the clients for time and materials based upon the work performed however there is a ceiling or a not to exceed value. There are often instances that a contract is modified to extend the contract value past the original or amended ceiling. As the consideration is variable depending on the outcome of the contract renegotiation, the Company will estimate the total contract price in accordance with the variable consideration guidelines and will only include consideration that it expects to receive from the customer. When the Company is reaching the ceiling, the contract will be renegotiated, or we cease work when the maximum contract value is reached. The Company will continue to work if it is probable that the contract will be extended. The Company is only entitled to consideration for the work it has performed, and the ceiling amount is not a guaranteed contract value.

The Company earned approximately 90% of its revenues under T&M contracts during the years ended December 31, 2021 and 2020, respectively.

### **Fixed Price Contracts**

Under fixed price contracts, the Company’s clients may pay an agreed amount negotiated in advance for a specified scope of work. The Company is guaranteed to receive the consideration to the extent that the Company delivers under the contract. The Company assesses contracts quarterly and may recognize any expected future loss before actually incurring the loss. When the Company is expecting to reach the total consideration under the contract or the scope of work changes, the Company will attempt to negotiate a change order.

### **Change Orders and Claims**

Change orders are modifications of an original contract that effectively change the provisions of the contract without adding new provisions. Either the Company or its client may initiate change orders. They may include changes in specifications or design, manner of performance, facilities, equipment, materials, sites, and period of completion of the work or changes in the amount of our compensation. Management evaluates when a change order is probable based upon its experience in negotiating change orders, the customer’s written approval of such changes or separate documentation of change order costs that are identifiable. Change orders may take time to be formally documented and terms of such change orders are agreed with the client before the work is performed. Sometimes circumstances require that work progresses before an agreement is reached with the client. If the Company is having difficulties in renegotiating the change order, the Company will stop work if possible, record all costs incurred to date, and determine, on a project-by-project basis, the appropriate final revenue recognition.

Claims are amounts in excess of the agreed contract price that the Company seeks to collect from its clients or others for client-caused delays, errors in specifications and designs, contract terminations, change orders that are either in dispute or are unapproved as to both scope and price, or other causes of unanticipated additional contract costs. Costs related to change orders and claims are recognized when they are incurred. The Company evaluates claims on an individual basis and recognizes revenue it believes is probable to collect.

## **Performance Obligations**

The majority of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, is not distinct. However, in some instances, we may also promise to provide distinct goods or services within a contract, resulting in multiple performance obligations. For contracts with multiple performance obligations, we allocate the contract transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract. Typically, we sell a customer a specific service and use the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

The Company's performance obligations are satisfied as work progresses or at a point in time. Revenue on our cost-reimbursable contracts is recognized over time using direct costs incurred or direct costs incurred to date as compared to the estimated total direct costs for performance obligations because it best depicts the transfer of control to the customer. Contract costs include labor, subcontractors' costs, and other direct costs.

Gross revenue from services transferred to customers at a point in time is recognized when the customer obtains control of the asset, which is generally upon delivery and acceptance by the customer of the reports and/or analysis performed.

As of December 31, 2021 and 2020, we had \$808 million and \$628 million of remaining performance obligations, or backlog, respectively, of which \$485 million and \$377 million, respectively, or 60% is expected to be recognized over the next 12 months and the majority of the balance over the next 24 months. Project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in backlog. Most of our government contracts are multi-year contracts for which funding is appropriated on an annual basis, therefore backlog includes only those amounts that have been funded and authorized and does not reflect the full amounts we may receive over the term of such contracts. In the case of non-government contracts, backlog includes future revenue at contract rates, excluding contract renewals or extensions that are at the discretion of the client. For contracts with a not-to-exceed maximum amount, we include revenue from such contracts in backlog to the extent of the remaining estimated amount. Our backlog for the period beyond 12 months may be subject to variation from year-to-year as existing contracts are completed, delayed, or renewed or new contracts are awarded, delayed, or cancelled. As a result, we believe that year-to-year comparisons of the portion of backlog expected to be performed more than one year in the future are difficult to assess and not necessarily indicative of future revenues or profitability.

## **U.S. Federal Acquisition Regulations**

The Company has contracts with the U.S. federal, state and local governments that contain provisions requiring compliance with the U.S. Federal Acquisition Regulations ("FAR"). These regulations are generally applicable to all its contracts that are directly funded or partially funded by pass through funds from the U.S. federal government. These provisions limit the recovery of certain specified indirect costs on contracts subject to the FAR. Cost-plus contracts covered by the FAR provide for upward or downward adjustments if actual recoverable costs differ from the estimate billed under forward pricing arrangements. Most of the Company's government contracts are subject to termination at the convenience of the government. Contracts typically provide for reimbursement of costs incurred and payment of fees earned through the date of such termination.

Government contracts that are subject to the FAR are subject to audits performed by the Defense Contract Audit Agency ("DCAA") and many other state governmental agencies. As such, the Company's overhead rates, cost proposals, incurred government contract costs and internal control systems are subject to review. During the course of its audits, the DCAA or a state agency may question incurred costs if it believes the Company has accounted for such costs in a manner inconsistent with the requirements of the FAR or Cost Accounting Standards and recommend that the applicable contracting officer disallow such costs. Historically, the Company has not incurred significant disallowed costs because of such audits. However, the Company can provide no assurance that the rate audits will not result in material disallowances of incurred costs in the future. The Company provides for a refund liability to the extent that it expects to refund some of the consideration received from a customer. The liability at December 31, 2021 and 2020 was \$0 thousand.

## **Disaggregation of Revenues**

As described further in Note 2 “Summary of Significant Accounting Policies”, the Company has one operating segment, Engineering, Testing, Inspection and Other Consultative Services, which reflects how the Company is being managed. The Company provides public and private sector clients with comprehensive support in managing large-scale infrastructure improvement programs including engineering, design, program development/management, compliance services, acquisition, and project control services, as well as construction engineering and inspection and materials testing. Approximately 50% of the Company’s revenues in each reporting period presented are derived from federal, state, and local government related projects.

All services performed by the Company are rendered in the United States and its territories via two contract types, time and materials or fixed price contracts. The Company derives 90% of its revenues from T&M contracts, the remainder are earned under fixed price contracts.

## **Cash Flows**

The Company has presented its cash flows using the indirect method and considers all highly liquid investments with a maturity of three months or less at acquisition to be cash equivalents. At times, our cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance limit.

## **Comprehensive Income**

There are no other components of comprehensive income other than net income and the provision for non-controlling interest associated with Holdings Units.

## **Use of Estimates**

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

## **Concentration of Credit Risk**

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade accounts receivable. These risks primarily relate to the concentration of customers who are large, governmental customers and regional governmental customers. The Company performs ongoing credit evaluations of its customers’ financial condition and generally requires no collateral.

## **Fair Value of Financial Instruments**

ASC Topic 820, Fair Value Measurements (“ASC 820”), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 — Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that management has the ability to access.

Level 2 — Inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

Level 3 — Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



The Company has various financial instruments, including cash and cash equivalents, accounts receivable and payable, accrued liabilities, and long-term debt. The carrying value of the Company's cash and cash equivalents, accounts receivable, and payable and accrued liabilities approximate their fair value due to their short-term nature. The Company believes that the aggregate fair value of its long-term debt approximates their carrying amounts as the interest rates on the debt are either reset on a frequent basis or reflect current market rates.

The Company applies the provisions of ASC 805, Business Combinations, in the accounting for its acquisitions, which requires recognition of the assets acquired and the liabilities assumed at their acquisition date fair values, separately from goodwill. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition date fair values of the tangible and identifiable intangible assets acquired and liabilities assumed. The allocation of the purchase price to identifiable intangible assets is based on valuations performed to determine the fair values of such assets as of the acquisition dates. Depending on the size and complexity of the acquisition, the Company may engage a third-party independent valuation specialist to assist in management's determination of fair values of tangible and intangible assets acquired and liabilities assumed. The fair values of earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. The Company estimates the fair value of contingent earn-out payments as part of the initial purchase price and records the estimated fair value of contingent consideration as a liability on the Consolidated Balance Sheet. Changes in the estimated fair value of contingent earnout payments are included in operating expenses in the accompanying Consolidated Statements of Operations.

Several factors are considered when determining contingent consideration liabilities as part of the purchase price, including whether (i) the valuation of the acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (ii) the former owners of the acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of other key employees. The contingent earn-out payments are not affected by employment termination.

The Company reviews and re-assesses the estimated fair value of contingent consideration liabilities on a quarterly basis, and the updated fair value could differ materially from the initial estimates. The Company measures contingent consideration recognized in connection with business combinations at fair value on a recurring basis using significant unobservable inputs classified as Level 3 inputs. The Company uses a probability-weighted discounted cash flow approach as a valuation technique to determine the fair value of the contingent consideration liabilities on the acquisition date and at each reporting period. The significant unobservable inputs used in the fair value measurements are projections over the earn-out period, and the probability outcome percentages that are assigned to each scenario. Significant increases or decreases to either of these inputs in isolation could result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent consideration liabilities. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate on the acquisition date and amount paid will be recorded in earnings. The Company records the current portion of contingent consideration liability within other current liabilities and the noncurrent portion of contingent consideration liability within other long-term liabilities within its Consolidated Balance Sheet.

The following table summarizes the changes in the fair value of estimated contingent consideration:

Contingent consideration, as of December 31, 2020	\$ 18,200
Additions for acquisitions	14,151
Adjustment to liability for changes in fair value	2,816
Reduction of liability for payment made	(3,706)
Total contingent consideration, as of December 31, 2021	31,461
Current portion of contingent consideration	(19,847)
Contingent consideration, less current portion	<u>\$ 11,614</u>

The Company may at its discretion settle the contingent consideration with cash, common shares or a combination of cash and common shares. During the year ended December 31, 2021, we settled a portion of the \$3.7 million payment with 192,090 shares of Class A common stock.

The Company incurred non-cash charges of \$5.9 million during the year ended December 31, 2021 to reflect the changes in fair value of the contingent consideration liability relating to an acquisition that had finalized its purchase price allocation.

### ***Equity Based Compensation***

The Company recognizes the cost of services received in an equity-based payment transaction with an employee as services are received and records either a corresponding increase in equity or a liability, depending on whether the instruments granted satisfy the equity or liability classification criteria.

The measurement objective for these equity awards is the estimated fair value at the grant date of the equity instruments that the Company is obligated to issue when employees have rendered the requisite service and satisfied any other conditions necessary to earn the right to benefit from the instruments. The compensation cost for an award classified as an equity instrument is recognized ratably over the requisite service period, including an estimate of forfeitures. The requisite service period is the period during which an employee is required to provide service in exchange for an award.

Consistent with the change in control provisions within the applicable agreements, the Company fully expensed the remaining unamortized value of the stock awards that vested upon the completion of the Atlas Business Combination during the quarter ended March 31, 2020. The unamortized value of the stock awards at the time of the Atlas Business Combination was \$9,845 thousand.

The Company granted restricted stock units (“RSUs”) during the second quarters of 2021 and 2020 to reward and retain selected management personnel. Please refer to Note 10 “Equity Based Compensation” for further information.

An additional grant of RSUs was made to a member of the Company’s leadership team on December 31, 2020.

During the second quarter of 2021, the Company granted certain members of its leadership team performance share units (“PSUs”) with both performance and market conditions that may affect the ultimate vesting of shares and granted to its Board of Directors RSUs during the first quarter of 2021.

During the third quarter of 2021, the Company granted its Chief Executive Officer, Chief Financial Officer and Chief Strategy Officer stock options with market conditions that may affect their ultimate vesting.

Equity compensation was \$3,627 thousand and \$10,795 thousand for years ended December 31, 2021 and 2020, respectively.

### ***Income Taxes***

The Company accounts for income taxes in accordance with the FASB ASC Topic 740, Income Taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. In determining the need for a valuation allowance, management reviews both positive and negative evidence, including current and historical results of operations, future income projections, scheduled reversals of deferred tax amounts, availability of carrybacks, and potential tax planning strategies. Based on our assessment, we have concluded that a portion of the deferred tax assets will not be realized.

According to the authoritative guidance on accounting for uncertainty in income taxes, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. This guidance also addresses de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and disclosure requirements for uncertain tax positions.

### ***Redeemable Preferred Stock***

On February 14, 2020, in connection with the consummation of the Atlas Business Combination, Holdings and GSO COF III AIV-2 LP (“GSO AIV-2”) entered into a subscription agreement, dated February 14, 2020 (the “Subscription Agreement”) pursuant to which, GSO AIV-2 purchased 145,000 units of a new class of Series A Senior Preferred Units of Holdings (the “Preferred Units”) at a price per Preferred Unit of \$978.21 for an aggregate cash purchase price of \$141,840,450, which represented a 2.179% original issue discount on the Preferred Units (such purchase, the “GSO Placement”).

The GSO Placement was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and/or Regulation D promulgated thereunder.

The Preferred Units ranked senior in priority to all other existing and future equity securities of Holdings with respect to liquidation preference and distribution rights.

The Preferred Units had a liquidation preference of \$1,000 per Preferred Unit (the “Liquidation Preference”).

Subject to any limitations set forth in the Atlas Credit Agreement (as defined in Note 7 “Long-Term Debt”), the Preferred Units were paid a dividend of 5% per annum, plus either an additional 6.25% per annum in cash or 7.25% per annum in additional Preferred Units, at Holdings’ option, payable quarterly in arrears.

If a cash dividend was not able to be made because of a limitation under the Atlas Credit Agreement, then the Liquidation Preference with respect to any Preferred Unit would have increased to 3.5625% in any quarter until a cash dividend could be made.

The Preferred Units did not possess voting rights and were not convertible into any other security of Holdings.

Holdings was permitted to redeem the Preferred Units beginning on the second anniversary of the Closing Date at a price of 103% of the Liquidation Preference (the “Redemption Premium”), and on the third anniversary of their issuance at the Liquidation Preference, in each case plus accrued and unpaid dividends. The Preferred Units could only be redeemed by Holdings within the first two years of the Closing Date upon a change of control as described below, in which case such Preferred Units would have been redeemed at a customary make-whole amount as if the Preferred Units were redeemed on the second anniversary.

Subject to the terms of Holdings’ and its subsidiaries’ senior credit agreements, Holdings was required to redeem the Preferred Units at the Redemption Premium, plus accrued and unpaid dividends, in the event of (i) a change of control, (ii) sales or other dispositions of all or substantially all of Holdings’ assets and (iii) the insolvency or bankruptcy of Holdings or any of its material subsidiaries.

Finally, holders of the Preferred Units were permitted to require Holdings to redeem their Preferred Units at the Liquidation Preference, plus accrued and unpaid dividends, beginning on the eighth anniversary of the Closing Date, subject to certain customary limitations.

The Preferred Units were redeemed in full at par without a premium on February 25, 2021.

Redeemable preferred stock, as of December 31, 2020	\$	151,391
Accrued paid in-kind dividends		1,718
Accretion of discount		3,077
Redemption		(156,186)
Redeemable preferred stock, as of December 31, 2021	\$	-

## *Segment*

The Company has one operating and reporting segment, Engineering, Testing, Inspection and Other Consultative Services. This financial information is reviewed regularly by our chief operating decision maker to assess performance and make decisions regarding the allocation of resources and is equivalent to our consolidated information. Our chief operating decision maker does not review below the consolidated level. Our chief operating decision maker is our Chief Executive Officer.

## *Recent Accounting Pronouncements*

In February 2016, FASB issued ASU 2016-02, Leases. ASU 2016-02 requires lessees to recognize, in the balance sheet, a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset over the lease term. The amendments in this accounting standard update are to be applied using a modified retrospective approach and are effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating the requirements of ASU 2016-02 and its impact on the consolidated and combined financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments (Topic 326) - Credit Losses: Measurement of Credit Losses on Financial Instruments, which provides guidance regarding the measurement of credit losses on financial instruments. The new guidance replaces the incurred loss impairment methodology in the current guidance with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. This ASU will be effective for the Company commencing after December 15, 2022. The Company is in the process of assessing the impact of this ASU on our consolidated financial statements and disclosures.

## **NOTE 3 – ATLAS BUSINESS COMBINATION**

On the Closing Date, the Company completed the acquisition of Atlas Intermediate and its subsidiaries and in return the Atlas Intermediate members: (i) received 24.0 million shares of Class B common stock in the Company, (ii) repaid the \$171.5 million of outstanding debt and interest accrued and due lender, (iii) paid \$10.9 million of Seller incurred acquisition-related costs, (iv) settled \$1.1 million of contingent consideration associated with the SCST, Inc. acquisition and (v) paid \$2.2 million of change in control payments due certain executives. This was paid for with: (i) \$20.7 million of cash raised from special purpose acquisition company (“SPAC”) shareholders and the private placement discussed herein, (ii) the issuance of redeemable preferred stock in the amount of \$141.8 million and (iii) the issuance of new debt in the amount of \$271.0 million as discussed in Note 7 “Long-Term Debt”.

The shares of non-economic Class B common stock of the Company entitle each holder to one vote per share, and each Class B share, along with its corresponding Holdings Unit, is redeemable on a one-for-one basis for one share of Class A common stock at the option of the Unit Holders (formerly members) as their lock-up periods expire. Upon the redemption by any Class B common stock, along with the corresponding Holdings Units, for Class A common stock, a corresponding number of shares of Class B common stock will be cancelled.

In connection with the Company’s entry into the Atlas Business Combination, the Company agreed to issue and sell in a private placement an aggregate of 1,000,000 shares of Class A common stock for a purchase price of \$10.23 per share, and aggregate consideration of \$10.2 million (the “Private Placement”). The Private Placement was consummated concurrently with the Closing Date and the proceeds of the Private Placement were used to fund a portion of the consideration paid to the Atlas Intermediate members.

Because the holders of our Class B common stock have effective control of the combined company after the Closing Date through their majority voting interests in both the Company and, accordingly, Atlas Intermediate, the Atlas Business Combination was accounted for as a reverse recapitalization. Although the Company was the legal acquirer, Atlas Intermediate was the accounting acquirer. As a result, the reports filed by the Company after the Atlas Business Combination are prepared “as if” Atlas Intermediate is the predecessor and legal successor to the Company. The historical operations of Atlas Intermediate are deemed to be those of the Company. Thus, the financial statements included in this report reflect (i) the historical operating results of Atlas Intermediate prior to the Atlas Business Combination; (ii) the combined results of the Company, which does not have any operating results and includes only certain costs such as the compensation for the Company’s Board, certain legal fees and taxes, and Atlas Intermediate following the Atlas Business Combination; (iii) the assets, liabilities and members’ capital of Atlas Intermediate at their historical cost; and (iv) the Company’s equity and earnings per share for the period from the Closing Date.

## NOTE 4 – BUSINESS ACQUISITIONS

In February 2020, the Company acquired Long Engineering LLC (“LONG”), a land surveying and engineering company headquartered in Atlanta, Georgia. The aggregate purchase price consideration paid in connection with this stock acquisition was \$10.7 million in cash, subject to customary closing working capital adjustments plus an earnout of up to \$12.0 million contingent upon the achievement of certain financial targets to be paid upon the first, second and third anniversaries of the closing.

In September 2020, the Company acquired AltaVista Solutions (“Alta Vista”), a provider of testing and inspection services primarily to infrastructure clients. Alta Vista is headquartered in Oakland, California and has offices in California and New York. The purchase agreement called for the Company to pay Alta Vista up to \$15.1 million in the form of cash and stock consideration. The Company issued 776,197 shares of Class B common stock to the former owners of Alta Vista, which represented \$7.0 million of the total consideration paid. Total consideration may also be increased or decreased based on results in future years.

In November 2020, the Company acquired WesTest LLC (“WesTest”), a testing and engineering services provider with operations in Colorado and Wyoming. WesTest, headquartered in Lakewood, Colorado, received consideration of \$4.1 million in the form of cash and stock consideration. The Company issued 285,115 shares of Class A common stock to the former owner of WesTest, which represented \$1.6 million of the total consideration paid. Total consideration may also be increased or decreased based on results in future years.

In April 2021, the Company acquired Atlantic Engineering Laboratories, Inc. and Atlantic Engineering Laboratories of New York, Inc. (collectively, “AEL”) for cash and an amount of equity consideration totaling \$24.5 million. The Company issued 738,566 shares of Class A common stock to the former owner of AEL, which represented \$7.5 million of the total consideration paid. AEL is a materials testing and inspection firm based in Avenel, New Jersey, and provides steel, concrete, soil and other testing and inspection services to a diverse mix of public and private clients primarily in New York and New Jersey. AEL added approximately 290 professionals to the Company’s workforce and is expected to strengthen the Company’s materials testing and inspection services in the Northeast. Total consideration may also be increased or decreased based on results in future years. Final value will be subject to the resolution of certain contingencies.

In July 2021, the Company acquired O’Neill Services Group (“O’Neill), a quality assurance and environmental services firm that services clients throughout the Pacific Northwest. O’Neill, headquartered in Redmond, Washington, employs 90 people and received \$24.4 million in the form of cash and stock consideration. The Company issued 653,728 shares of Class A common stock which represented \$6.5 million of the total consideration received. Total consideration may also be increased or decreased based on results in future years. Final value will be subject to the resolution of certain contingencies.

Acquisition costs of approximately \$1.1 million and \$0.4 million have been expensed in the years ended December 31, 2021 and 2020, respectively, in the Consolidated Statement of Operations within operating expenses.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed as of the acquisition:

	<u>LONG</u>	<u>Alta Vista</u>	<u>WesTest</u>	<u>AEL*</u>	<u>O’Neill*</u>
Cash	\$ -	\$ 314	\$ 649	684	1,608
Accounts receivable	4,994	2,786	1,072	6,026	4,201
Unbilled receivable	-	4,258	-	1,094	-
Property and equipment	1,423	306	246	52	1,049
Other current and long-term assets	14	707	2	130	-
Intangible assets	7,290	4,957	1,459	13,816	22,735
Liabilities	(1,178)	(3,517)	(304)	(3,065)	(1,546)
Net assets acquired	<u>\$ 12,543</u>	<u>\$ 9,811</u>	<u>\$ 3,124</u>	<u>18,737</u>	<u>28,047</u>
Consideration paid (cash and equity consideration)	\$ 10,748	\$ 15,098	\$ 4,055	\$ 24,502	\$ 24,369
Contingent earnout liability at fair value (cash)	6,700	8,064	400	7,045	7,106
Total consideration	<u>17,448</u>	<u>23,162</u>	<u>4,455</u>	<u>31,547</u>	<u>31,475</u>
Excess consideration over the amounts assigned to the net assets acquired (goodwill)	<u>\$ 4,905</u>	<u>\$ 13,351</u>	<u>\$ 1,331</u>	<u>\$ 12,810</u>	<u>\$ 3,428</u>

\* The above purchase price allocation is tentative and preliminary and subject to further updates as we complete the purchase price allocation.

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

The Company depreciates its assets on a straight-line basis over the assets' useful lives, which range from three to ten years. Property and equipment consist of the following:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>Average Life</b>
Furniture and fixtures	\$ 3,914	\$ 3,492	3-5 years
Equipment and vehicles	39,222	32,797	3-10 years
Computers	21,055	19,649	3-7 years
Leasehold improvements	5,925	5,548	3-5 years
Construction in progress	980	130	
Accumulated depreciation and amortization	(57,339)	(47,482)	
	<u>\$ 13,757</u>	<u>\$ 14,134</u>	

Property and equipment under capital leases:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Computer equipment	\$ 1,583	\$ 1,578
Less accumulated depreciation	(1,386)	(1,021)
	<u>\$ 197</u>	<u>\$ 557</u>

Capital leases for computer equipment have an average lease term of five years with minimum lease payments as follows:

2022	\$ 365
2023	281
2024	99
2025	19
2026	-
Thereafter	-
	<u>\$ 764</u>

Depreciation expense was \$6.0 million and \$5.6 million for the years ended December 31, 2021 and 2020, respectively.

**NOTE 6 – GOODWILL AND INTANGIBLES**

The carrying amount, including changes therein, of goodwill was as follows:

Balance as of December 31, 2020	\$ 109,001
Acquisitions	16,238
Disposals	-
Measurement period adjustments	(891)
Balance as of December 31, 2021	<u>\$ 124,348</u>

The Company did not recognize any impairments of goodwill during the years ended December 31, 2021 or 2020.

Intangible assets as of December 31, 2021 and 2020 consist of the following:

	December 31, 2021			December 31, 2020			Remaining useful life (in years)
	Gross amount	Accumulated amortization	Net book value	Gross amount	Accumulated amortization	Net book value	
Definite life intangible assets:							
Customer relationships	\$ 149,917	\$ (47,310)	\$ 102,607	\$ 117,185	\$ (34,214)	\$ 82,971	7.5
Tradenames	25,580	(20,890)	4,690	21,761	(18,759)	3,002	2.1
Non-competes	600	(583)	17	600	(565)	35	0.8
Total intangibles	<u>\$ 176,097</u>	<u>\$ (68,783)</u>	<u>\$ 107,314</u>	<u>\$ 139,546</u>	<u>\$ (53,538)</u>	<u>\$ 86,008</u>	

Amortization expense was \$15.2 million and \$20.1 million for the years ended December 31, 2021 and 2020, respectively.

Amortization of intangible assets for the next five years and thereafter is expected to be as follows:

2022	\$ 16,923
2023	16,309
2024	14,958
2025	14,494
2026	14,494
Thereafter	30,136
	<u>\$ 107,314</u>

## NOTE 7 – LONG-TERM DEBT

In March 2019, subsequent to the merger with ATC Group Partners (“ATC”), we repaid all outstanding balances on the combined entity’s loan agreements in full and terminated our prior loan agreements. These loan agreements were replaced with a term loan of \$145.0 million and a revolving credit facility of \$50.0 million, of which \$31.8 million was funded at closing (the “Atlas Credit Facility”). Proceeds of the Atlas Credit Facility were used to repay existing debt of \$123.9 million and fund a shareholder distribution of \$52.8 million made in April 2019.

The Atlas Credit Facility was secured by assets of Atlas Intermediate. The Atlas Credit Facility required quarterly principal payments of \$2.719 million through March 31, 2023, and then \$3.625 million until the final maturity in March 2024, and bore interest at an annual rate of LIBOR plus a margin ranging from 275 to 425 basis points determined by the Company’s Consolidated Leverage Ratio, as defined in the Atlas Credit Facility. For the interest payment made in the quarter ended December 31, 2019, the applicable margin was 375 basis points and the total interest rate was 5.50%.

The Atlas Credit Facility was scheduled to mature in March 2024. However, in connection with the consummation of the Atlas Business Combination, the Atlas Credit Facility was repaid, and a new credit arrangement (the “Atlas Credit Agreement”) was entered into with Macquarie Capital Funding LLC (the “Lender” or “Lead Arranger”). The Atlas Credit Agreement called for a term loan (the “Term Loan”) in the amount of \$281.0 million and revolving letter of credit (the “Revolver”) in the amount of \$40.0 million of which \$24.0 million was drawn upon through December 31, 2020. The term loan proceeds were used to repay the existing Atlas Credit Facility in the amount of \$171.0 million and partially fund the Atlas Business Combination and the LONG acquisition.

Under the terms of the Atlas Credit Agreement, the Term Loan and Revolver were set to mature on February 14, 2027 and February 14, 2025, respectively. Interest was payable monthly or at the end of the applicable interest period in arrears on any outstanding borrowings. The interest rates under the Atlas Credit Agreement were equal to either (i) Adjusted LIBOR as defined in the Atlas Credit Agreement, plus 4.75%, or (ii) an Alternate Base Rate as defined in the Atlas Credit Agreement, plus 3.75%.

The Atlas Credit Agreement was guaranteed by Holdings and secured by (i) a first priority pledge of the equity interests of subsidiaries of Holdings and Atlas Intermediate and (ii) a first priority lien on substantially all other assets of Holdings, Atlas Intermediate and all their direct and indirect subsidiaries.

On March 31, 2020, the terms of the Atlas Credit Agreement were modified to reduce the maturity of the Term Loan by one year to February 14, 2026 from February 14, 2027. The interest rate for the Term Loan was increased to (i) Adjusted LIBOR as defined in the Atlas Credit Agreement, plus 6.25%, or (ii) an Alternate Base Rate as defined in the Atlas Credit Agreement, plus 5.25%. The interest rate for the Revolver was increased to (i) Adjusted LIBOR as defined in the Atlas Credit Agreement, plus 5.0%, or (ii) an Alternate Base Rate as defined in the Credit Agreement, plus 4.0%. The modification also increased the rate of amortization applicable to the Term Loan to 5.0% per annum (commencing on June 30, 2020).

The modifications to the Atlas Credit Agreement resulted from the exercise of the market-flex rights by the lead arranger in connection with the syndication process, which, in addition, required the payment of an upfront fee in an amount equal to 2% of the currently outstanding Term Loans, which was paid during April 2020. The market-flex rights were included in the Atlas Credit Agreement and were exercised by the lead arranger upon completion within the time period allowed to complete a syndication process.

On February 25, 2021, Atlas Intermediate, as the borrower, entered into two new credit facilities consisting of (i) a \$432.0 million senior secured term loan at closing and, subject to the satisfaction of certain terms and conditions, a committed delayed draw term loan facility to be used for future acquisitions, within 18 month of February 25, 2021 and subject to certain conditions, in an aggregate principal amount of up to \$75.0 million, of which \$35 million has been used and \$40 million remains available as of December 31, 2021, and an uncommitted incremental term loan facility that may be incurred after closing (the “Term Loan”) pursuant to a Credit Agreement dated February 25, 2021, by and among Holdings, Atlas Intermediate, Wilmington Trust, National Association, as administrative agent and collateral agent, and certain lenders thereto, including certain Blackstone entities, which may include, Blackstone Alternative Credit Advisors LP, and its managed funds and accounts, and its affiliates, Blackstone Holdings Finance Co. L.L.C. and its affiliates, and/or certain other of their respective funds, accounts, clients managed, advised or sub-advised, or any of their respective affiliates (the “Term Loan Agreement”) and (ii) a \$40.0 million senior secured revolver which aggregate principal amount may be increased, subject to the satisfaction of certain terms and conditions, including obtaining commitments therefor, by up to \$20.0 million (the “Revolver”) pursuant to the Credit Agreement dated February 25, 2021, by and among Holdings, Intermediate, JPMorgan Chase Bank, N.A., as administrative agent, swingline lender, issuing bank, lender, sole bookrunner and sole lead arranger (the “ABL Revolver Agreement,” and together with the Term Loan Agreement, collectively the “Credit Agreements”). The Term Loan Agreement refinances the Atlas Credit Agreement dated as of February 14, 2020, with Macquarie Capital Funding LLC, as administrative agent and certain lenders, which repayment was effectuated partially in cash and partially by way of a cashless exchange of existing term loans and preferred equity for Term Loans.



The Term Loan Agreement and ABL Revolver Agreement are collectively referred to as the “Atlas 2021 Credit Agreements” by the Company.

The initial Term Loan will mature on February 25, 2028 and the Revolver will mature on February 25, 2026.

Interest on any outstanding borrowings is payable monthly under the ABL Revolver Agreement, quarterly under the Term Loan Agreement or, in each case, at the end of the applicable interest period in arrears. The cash interest rates under the Term Loan Agreement will be equal to either (i) the Adjusted LIBO Rate (as defined in the Term Loan Agreement), plus 5.50%, or (ii) an Alternate Base Rate (as defined in the Term Loan Agreement), plus 4.50%. In addition, the term loan requires an additional 2.0% interest that can be made at the option of the Company in cash or payment-in-kind (PIK). The interest rates under the ABL Revolver Agreement will be equal to either (i) the Adjusted LIBO Rate (as defined in the ABL Revolver Agreement), plus 2.50%, or (ii) the ABR (as defined in the ABL Revolver Agreement), plus 1.50%.

The Credit Agreements are guaranteed by Holdings and secured by (i) in the case of the ABL Revolver Agreement, a first priority security interest in the current assets, including accounts receivable, of Holdings, Intermediate and its subsidiaries and (ii) in the case of the Term Loan Agreement, a pledge of the equity interests of the subsidiaries of Holdings and Intermediate, and subject to the first lien security interest on current assets under the Revolver, a first priority lien on substantially all other assets of Holdings, Intermediate and all of their direct and indirect subsidiaries.

The Term Loan Agreement contains a financial covenant which requires Holdings, Atlas Intermediate and all of their direct and indirect subsidiaries on a consolidated basis to maintain a Total Net Leverage Ratio (as defined in each Credit Agreement) tested on a quarterly basis that does not exceed (i) 8.25 to 1.00 with respect to the fiscal quarters ending on April 2, 2021 and July 2, 2021, (ii) 8.00 to 1.00 for the fiscal quarters ending October 1, 2021 and December 31, 2021, (iii) 7.50 to 1.00 for the fiscal quarters ending April 1, 2022 and July 1, 2022, (iv) 7.25 to 1.00 for the fiscal quarters ending September 30, 2022 and December 30, 2022, (v) 7.00 to 1.00 for the fiscal quarters ending March 31, 2023 and June 30, 2023, (vi) 6.75 to 1.00 for the fiscal quarters ending September 29, 2023 and December 29, 2023, and (vii) 6.50 to 1.00 for March 29, 2024 and each fiscal quarter ending thereafter.

The ABL Revolver Agreement contains a “springing” financial covenant which requires Holdings, Intermediate and all their direct and indirect subsidiaries on a consolidated basis to maintain a Fixed Charge Coverage Ratio (as defined in the ABL Revolver Agreement) of no less than 1.10 to 1.00 when the outstanding principal amount of loans under the Revolver exceeds \$0 or the aggregate exposure for letters of credit under the Revolver exceeds \$5 million.

The Company has been in compliance with the terms of the Atlas Credit Facility and Atlas Credit Agreement as of December 31, 2021 and 2020, respectively.

Long-term debt consisted of the following:

	December 31, 2021	December 31, 2020
Atlas 2021 credit agreement - term loan	\$ 467,000	\$ -
Atlas credit agreement - term loan	-	270,463
Atlas 2021 credit agreement – revolving	-	-
Atlas credit agreement – revolving	-	24,000
Atlas 2021 credit agreement – PIK	6,392	-
Subtotal	473,392	294,463
Less: Loan costs, net	(7,593)	(15,443)
Less current maturities of long-term debt	(3,606)	(14,050)
Long-term debt	<u>\$ 462,193</u>	<u>\$ 264,970</u>

The Company in conjunction with the refinancing of the Atlas Credit Agreement on February 25, 2021 wrote off \$15.2 million of deferred loan acquisition costs that were attributable to the agreement. The costs deferred as of December 31, 2021 relate to cost incurred with the Atlas 2021 Credit Agreement.

Principal payments subsequent to December 31, 2021, are as follows (amounts in thousands):

2022	\$	3,606
2023		4,851
2024		4,899
2025		4,948
2026		4,997
Thereafter		450,091
	\$	<u>473,392</u>

## NOTE 8 – SHAREHOLDERS’ EQUITY

### *Shares Outstanding*

Prior to the Atlas Business Combination, the Company was a SPAC with no operations, formed as a vehicle to effect a business combination with one or more operating businesses. After the consummation of the Atlas Business Combination, the Company became a holding company whose sole material operating asset consists of its interest in Atlas Intermediate.

The following table summarizes the changes in the outstanding stock and warrants from the December 31, 2020 through December 31, 2021:

	<b>Class A Common Stock</b>	<b>Class B Common Stock</b>	<b>Warrants</b>	<b>Private Placement Warrants</b>
Beginning Balance, as of December 31, 2020	12,841,584	22,438,828	-	-
Issuances	1,692,901	-	-	-
Transfers to Class A from Class B	19,110,727	(19,110,727)	-	-
Shares Outstanding at December 31, 2021	<u>33,645,212</u>	<u>3,328,101</u>	-	-

**Class A Common Stock** – At December 31, 2021 and 2020, there were 33,645,212 and 12,841,584 shares of Class A common stock issued and outstanding, respectively. Holders of the Company’s Class A common stock are entitled to one vote for each share. The Company is authorized to issue 400,000,000 shares of Class A common stock with a par value of \$0.0001 per share.

**Class B Common Stock** – At December 31, 2021 and 2020, there were 3,328,101 and 22,438,828 shares of Class B common stock issued and outstanding, respectively. Class B common stock was initially issued to the holders of Holdings Units in Atlas Intermediate in connection with the Atlas Business Combination and are non-economic but entitle the holder to one vote per share. Subsequent to the Atlas Business Combination, the Company has issued Class B common stock to certain acquisitions. The Company is authorized to issue up to 100,000,000 shares of Class B common stock with a par value of \$0.0001 per share but it is not allowed to issue any Class B common stock to the public.

**Public Warrants** – In November 2018, the Company consummated its initial public offering of units, each consisting of one share of Class A common stock and one warrant (each a “Public Warrant”). At the commencement of the Atlas Business Combination, there were 20,000,000 Public Warrants outstanding. Each Public Warrant entitled the holder to purchase one share of Class A common stock at a price of \$11.50 per share. The Public Warrants were set to expire five years after the closing of the Atlas Business Combination or earlier upon redemption or liquidation. The Company had the ability to call the Public Warrants for redemption, in whole and not in part, at a price of \$0.01 per warrant with not less than 30 days’ notice provided to the Public Warrant holders. However, this redemption right could only be exercised if the last sale price of the Class A common stock equaled or exceeded \$18.00 per share for any 20 trading days within a 30-day trading period ending three business days before we send the notice of redemption to the Public Warrant holders.

In October 2020, the Company offered each holder of its outstanding warrants, including the Public Warrants and the Private Placement Warrants, the opportunity to exchange their warrants for shares of the Company's Class A common stock, par value \$0.0001 per share. Each holder was set to receive 0.1665 or 0.185 shares of Class A common stock in exchange for each outstanding warrant tendered by the holder and exchanged pursuant to the terms of the offer. The redemption rate was dependent upon whether the warrant holder tendered their warrants prior to the offer deadline. Warrant holders who tendered their warrants for exchange prior to the expiration of the tender offer period received the 0.185 conversion rate, and any warrant holders who did not tender their warrants by the appropriate deadline received the 0.1665 conversion rate. The Company concluded the offer in November 2020 and all warrants were converted to Class A common stock by December 31, 2020.

**Private Placement Warrants** – Upon closing of the Boxwood initial public offering, Boxwood Sponsor LLC (the “Sponsor”) purchased an aggregate of 3,750,000 warrants at a price of \$1.00 per warrant (the “Private Placement Warrants” and together with the Public Warrants, the “Warrants”). Each Private Placement Warrant was exercisable for one share of Class A common stock at a price of \$11.50. The Private Placement Warrants were identical to the Public Warrants discussed above, except (i) they would not be redeemable by the Company so long as they were held by the Sponsor and (ii) they were exercisable by the holders on a cashless basis. Unlike the public warrants, the private placement warrants were determined to be a liability of the Company while outstanding. The impact of such liability was not material to the Company's Consolidated Balance Sheet or Statement of Operations.

In connection with the October 2020 offer to the warrant holders to exchange their warrants for the Company's Class A common stock, the Sponsor opted to fully exchange its Private Placement Warrants for Class A common stock. As of December 31, 2020, there were no remaining Private Placement Warrants issued or outstanding.

### **Private Placement**

In connection with the Company's entry into the Contribution Agreement, the Company agreed to issue and sell in a private placement an aggregate of 1,000,000 shares of Class A common stock for a purchase price of \$10.23 per share, and aggregate consideration of \$10.2 million (the “Private Placement”). The Private Placement was consummated concurrently with the Closing Date and the proceeds of the Private Placement were used to fund a portion of the cash consideration paid to the Unit Holders.

### **Non-controlling Interest**

As of December 31, 2021 and 2020, the Company ownership and voting structure was comprised of holders of our Class A common stock that participate 100% in the results of Atlas Technical Consultants, Inc. and 91.0% and 36.4%, respectively, in Atlas Intermediate and its subsidiaries and holders of our Class B common stock that participate in the results of Atlas Intermediate and its subsidiaries until their Class B common stock is converted to Class A common stock. The holders of our Class B common stock participate in 9.0% and 63.6% as of December 31, 2021 and 2020, respectively, of Atlas Intermediate and its subsidiaries. In connection with the Atlas Business Combination, it was determined that the results of Atlas Intermediate and its subsidiaries would be fully consolidated within the results of the Company.

Due to the participation of the holders of our Class B common stock in the results of Atlas Intermediate and subsidiaries, a non-controlling interest was deemed to exist. Non-controlling ownership interests in Atlas Intermediate and its subsidiaries are presented in the Consolidated Balance Sheet within shareholders' equity as a separate component. In addition, consolidated net income includes earnings attributable to both the shareholders and the non-controlling interests.

As holders of our Class B common stock transition to holders of Class A common stock, we adjust our additional paid in capital and non-controlling interest within our Consolidated Balance Sheet and the provision for non-controlling interest in our Consolidated Statement of Operations. Holders of Class B common stock may convert their shares to Class A common stock at their discretion as their contractual lockups expire after the Atlas Business Combination.

Shares of Class B common stock issued subsequent to the Atlas Business Combination are excluded from the provision for non-controlling interest.

We have distributed \$787 thousand during the year ended December 31, 2021 and \$717 thousand during the period between the Atlas Business Combination and December 31, 2020.

## NOTE 9 – LOSS PER SHARE

The Atlas Business Combination was structured as a reverse capitalization by which the Company issued stock for the net assets of Atlas Intermediate accompanied by a recapitalization. Earnings per share is calculated for the Company only for periods after the Atlas Business Combination due to the reverse recapitalization.

(Loss) per share was calculated as follows:

	<u>For the year ended</u> <u>December 31, 2021</u>	<u>Closing Date Through</u> <u>December 31, 2020</u>
<b>Numerator:</b>		
Net (loss) post Atlas Business Combination	\$ (29,705)	\$ (6,600)
Provision for non-controlling interest	13,216	16,558
Redeemable preferred stock dividends	(5,899)	(16,161)
Net (loss) attributable to Class A common shares - basic and diluted	<u>\$ (22,388)</u>	<u>\$ (6,203)</u>
<b>Denominator:</b>		
Weighted average shares outstanding - basic and diluted	<u>27,799,511</u>	<u>6,696,473</u>
Net (loss) per Class A common share, basic and diluted	<u>\$ (0.81)</u>	<u>\$ (0.93)</u>

## NOTE 10 – EQUITY BASED COMPENSATION

Equity based compensation was \$3,627 thousand and \$10,795 thousand for the years ended December 31, 2021 and 2020, respectively. The Company has incurred costs in the years ended December 31, 2021 and 2020 relating to four forms of equity based compensation: Class A units granted prior to and vested immediately upon the Atlas Business Combination and restricted share units, performance share units and price-vested stock options granted subsequent to the Atlas Business Combination. All discussed in further detail herein.

### *Class A Units*

In December 2017, Atlas Intermediate's Parent granted service-based Class A units to certain members of Atlas' management. As of December 31, 2017, 1,000 units were authorized and reserved for issuance with 504 granted in December 2017. The Class A units granted provide for service-based vesting annually over 4 years from the grant date.

In April 2019, Atlas Intermediate's Parent granted service-based Class A units to certain members of Atlas' management. As of January 1, 2019, 1,666 units were authorized and reserved for issuance with 973.65 units granted as of December 31, 2019. The Class A units granted provide for service-based vesting annually over 4 years from the grant date. The grant date fair value was determined using assumptions about the current waterfall expected payout.

In connection with the Atlas Business Combination, the outstanding shares were vested under the change of control provisions within the agreements. The shares are currently reflected as Class B Common Shares and may be converted to Class A Common Shares as the lock-up agreements expire.

The following summarizes the activity of Class A unit awards during the year ended December 31, 2020:

	Number of unvested Class A units	Grant date fair value
Unvested Class A units as of December 31, 2019	1,226	\$ 9,845
Granted	-	-
Vested and converted to Class B Common Stock	(1,226)	(9,845)
Forfeited	-	-
Unvested Class A units as of December 31, 2020	-	\$ -

The Company did not issue any further Class A units subsequent to the Atlas Business Combination.

### ***Restricted and Performance Share Units***

During the second quarters of 2021 and 2020, the Company awarded 378,353 and 510,136 restricted share units (“RSUs”) to approximately ninety employees at a grant day fair market value of \$11.42 and \$8.95 per share, respectively. The Company estimates the fair value of the RSUs as the closing price of the Company’s Class A common stock on the grant date of the award, which is expensed over the applicable vesting period. The fair market value on the date of issuance was \$4.3 million and \$4.6 million for the 2021 and 2020 grants, respectively. The vesting period for these RSUs is equal annual tranches, pro-ratably over three years, and there is no performance requirement attached to the RSUs other than continued service to the Company. During the three months ended July 2, 2021, 158,977 of the shares granted in 2020 vested and 11,602 shares were forfeited.

On January 29, 2021, the Company granted to a member of its executive team 75,000 RSUs of the Company’s Class A common stock, par value \$0.0001, retroactive to December 31, 2020. The value of these RSUs approximated \$0.5 million and is set to cliff vest on December 31, 2022.

On March 3, 2021, the Company granted to its Board of Directors 54,053 RSUs with a one-year vesting period and a grant date fair market value of \$9.00 per share. There are no performance requirements to these RSUs other than continued service to the Company throughout the one-year vesting period. The value of this grant was \$0.5 million.

During the second quarter of 2021, the Company also awarded 182,763 performance share units (“PSUs”) to its leadership team. The PSUs have both performance and market conditions that are required to be met for the shares to vest. The split between performance and market conditions is approximately 66.7% and 33.3%, respectively. If the conditions are met, the shares will cliff vest on the third anniversary of the award date. The Company has accounted for the portion of the award tied to the achievement of performance conditions based upon share price of \$11.38 on the date of issuance and the probable number of shares anticipated to vest and accounted for the shares tied to market conditions based upon the fair market value as calculated in a Monte Carlo simulation. The Company will assess the probability of the performance conditions being achieved each quarter and adjust recorded stock compensation expense as appropriate. The fair market value as of the grant date was \$1.4 million and \$1.2 million for the performance and market based share units, respectively.

The Company estimates forfeitures of its stock awards. Actual forfeitures may differ from those estimates. The Company currently estimates its forfeitures as 3% of the RSUs awards granted each year but will continue to reassess its estimate on a quarterly basis.

A summary of our RSU and PSU activity is as follows:

	RSU		PSU	
	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value Per Share	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value Per Share
Nonvested Balance as of December 31, 2019	-	\$ -	-	\$ -
Granted	585	8.70		
Vested				
Forfeited				
Estimated Forfeiture				
Nonvested Balance as of December 31, 2020	<b>585</b>	<b>8.70</b>	-	-
Granted	432	11.12	183	14.06
Vested	(159)	8.95		
Forfeited	(12)	8.95		
Estimated Forfeiture	(27)	10.00		
Nonvested Balance as of December 31, 2021	<b>819</b>	<b>\$ 9.88</b>	<b>183</b>	<b>\$ 14.06</b>

### *Price-Vested Stock Options*

During the third quarter of 2021, the Company awarded 547,943 of price-vested stock options (the “options” or “stock options”) in aggregate to its Chief Executive, Chief Financial, and Chief Strategy Officers (collectively the “option awardees”). These options vested equally in four tranches on the second, third, fourth and fifth anniversary of the option grant date and is dependent upon the option awardees remaining employed by the Company and the stock price on the applicable tranche anniversary to be equal to or exceed a prescribed share price within the stock option agreement. The strike price of each options for each tranche is \$10.50, which was the Company’s closing stock price on the option grant date. The Company has valued the options at fair market value based upon a Monte Carlo with Geometric Brown Motion simulation and will recognize the compensation cost for each tranche over a range of 5.17 to 5.93 years with values per option ranging from \$2.29 to \$3.55. The fair market value of the options as of the grant date was \$1.6 million.

### **NOTE 11 – RELATED-PARTY TRANSACTIONS**

During the years ended December 31, 2021 and 2020, the Company leased office space from former owners of acquired companies that became shareholders and/or officers of the Company. The Company recognized lease expenses under these leases within the Consolidated Statements of Operations in the amount of \$912 thousand and \$645 thousand for years ended December 31, 2021 and 2020, respectively.

During the years ended December 31, 2021 and 2020, the Company performed certain environmental consulting work for an affiliate of one of its principal shareholders or members and collected fees related to these services in the amount of \$111 thousand and \$332 thousand, respectively.

On February 3, 2020, the Company entered into a subscription agreement with SCST, Inc., a California corporation, pursuant to which it agreed to acquire 105,977 shares of Class A common stock (the “SCST Stock”), for an aggregate purchase price of \$1.1 million, in a private placement not registered under the Securities Act, in reliance on the exemption from Registration provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder. The issuance of the SCST Stock was completed in connection with the Atlas Business Combination and served to settle the contingent consideration to them as of December 31, 2019.

On February 14, 2020, the Company entered into a non-interest-bearing short-term loan with the former owners of Atlas Intermediate to purchase insurance contracts in the amount of \$1.4 million. The loan has not been repaid as of the date of these financial statements and is accounted for in Accrued Liabilities within the Consolidated Balance Sheet. This was repaid during the quarter ended June 30, 2020.

## NOTE 12 – EMPLOYEE BENEFIT PLANS

The Company maintains employee savings plans which allow for voluntary contributions into designated investment funds by eligible employees. The Company may, at the discretion of the Board, make additional contributions to these plans. The Company has expensed \$7.6 and \$6.2 million for the years ended December 31, 2021 and 2020, respectively.

## NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Company is subject to certain claims and lawsuits typically filed against engineering companies, alleging primarily professional errors or omissions. The Company carries professional liability insurance, subject to certain deductibles and policy limits, against such claims. While management does not believe that the resolution of these claims will have a material adverse effect, individually or in aggregate, on its financial position, results of operations or cash flows, management acknowledges the uncertainty surrounding the ultimate resolution of these matters.

The Company leases office space, laboratory facilities, and automobiles under operating lease agreements and has options to renew most leases. These leases expire at varying dates through 2032. The Company also rents equipment on a job-by-job basis.

Future minimum payments under noncancelable operating leases as of December 31, 2021 are as follows:

2022	\$	14,138
2023		11,913
2024		8,130
2025		4,346
2026		2,916
Thereafter		4,079
	\$	<u>45,522</u>

Rental expense associated with facility and equipment operating leases was \$14.0 million and \$15.7 million for the years ended December 31, 2021 and 2020, respectively.

During 2020, the Company entered into an agreement with its fleet management company pursuant to which it would receive rebates of \$1.3 million to be repaid over three years at an interest rate of 2.85% per annum. The rebates were secured by title to selected vehicles within the Company's owned fleet of vehicles in Georgia and California.

During the fourth quarter of the year ended December 31, 2021, the Company entered into a similar agreement with its fleet management company in which it would receive \$1.6 million secured by vehicles owned by O'Neill. Financial terms for the O'Neill transaction were similar to agreement entered into during 2020.

Remaining payments are as follows:

2022	\$	956
2023		725
2024		511
	\$	<u>2,192</u>

## NOTE 14 – COVID-19 PANDEMIC

In the first quarter of 2020, the COVID-19 outbreak spread quickly across the globe. Federal, state, and local governments mobilized to implement containment mechanisms and minimize impacts to their populations and economies. Various containment measures, which included stay-at-home orders and restrictions on the operations of businesses, while aiding in the prevention of further outbreak, have resulted in a severe drop in general economic activity, volatility in the financial markets and an economic downturn.

As a result, there have been three financial responses from the U.S. government, in addition to interest rate cuts by the U.S. Federal Reserve Board which were initially implemented to stabilize the U.S. stock markets. The federal government's stimulus legislation related to COVID-19 include: The *Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020*, the *Families First Coronavirus Response Act*, and the *Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 (the "CARES Act")*.

In connection with the *CARES Act*, we have opted to defer the deposit and payment of the employer's share of Social Security taxes. Under the *CARES Act*, deferrals are currently allowed from March 27, 2020 through December 31, 2020. The Company has not received any other assistance under the *CARES Act*, nor does the Company expect to realize any other tax benefits from the program. As of December 31, 2021 and 2020, the Company has deferred payment of \$8.1 million relating to its share of Social Security taxes and \$4.0 million of this liability is recorded within other long-term liabilities on its Consolidated Balance Sheet. The remainder is recorded in Accrued Liabilities within the Company's Consolidated Balance Sheet. The Company has not deferred any additional tax payments after December 31, 2020.

During the second quarter of 2020, we reduced our workforce through various actions. We routinely assess our staffing levels to make certain that we continue to appropriately service our clients and maintain shareholder value. As a safety focused organization, since the outbreak of COVID-19 and continuing throughout the remainder of 2020, we encouraged our employees to work from home wherever possible and to honor all shelter-in-place rules put forth by their state or local governments. As shelter-in-place rules have been lifted and vaccination efforts are rolled out to the general public, we have allowed our employees to return to our offices when it has been safe to do so and have begun to rehire additional staff.

We continue to monitor the credit quality and access to capital for our non-governmental clients as this can be an indication of their ability to go forth with future projects and continue to pay for contracted services. As an infrastructure company, the work we do is currently deemed essential by Federal, state and local governments but any change from that designation could have a negative result on our business as well as our peers. We are assessing the impact that proposed Federal vaccination mandates may have on our ability to service our clients as well as our retention (and potential recruitment) of our employees.

We are in compliance with our debt covenants as of December 31, 2021 and we expect that we will continue to be for the foreseeable future.



## NOTE 15 – INCOME TAXES

Following the consummation of the Atlas Business Combination, we are organized as an umbrella partnership C-Corporation structure also known as an “Up-C” structure in which the business of Atlas Intermediate and its subsidiaries is held by Holdings and will continue to operate through the subsidiaries of Atlas Intermediate, and in which our only direct assets consist of common units of Holdings. We are the sole manager of Holdings in accordance with the terms of the Holdings LLC Agreement entered into in connection with the consummation of the Atlas Business Combination.

Previously, Atlas Intermediate was treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the partners and members. As such, no recognition of federal or state income taxes have been provided for in the accompanying consolidated financial statements except for income taxes relating to the C-Corp subsidiaries directly owned by Atlas Intermediate and the State of Texas Margin tax.

Subsequent to the Atlas Business Combination, income taxes relating to Atlas Technical Consulting, Inc, the C-Corps owned directly by Atlas Intermediate, the State of Texas Margin tax, and the State of Washington Business and Occupation tax are considered within the provision of non-controlling interest as it is generated through the results of Atlas Intermediate and its subsidiaries.

(Loss) before income taxes was follows:

	Year Ended December 31,	
	2021	2020
United States	\$ (27,181)	\$ (26,929)

Income tax expense (benefit) consisted of the following:

	Year Ended December 31,	
	2021	2020
Current:		
Federal	\$ 854	\$ (424)
State	1,095	283
Total current income tax expense	1,949	(141)
Deferred:		
Federal	(2,571)	1,731
State	3,146	(872)
Total deferred income tax expense	575	859
Total income tax expense	\$ 2,524	\$ 718

Temporary differences comprising the net deferred income tax asset shown on the accompanying consolidated balance sheets were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Deferred Tax Assets:		
Basis difference in flow-through entity	\$ 83,744	\$ 14,057
Transaction costs	4,568	-
Accruals and reserves	458	166
Loss carryforwards	6,535	2,542
Valuation allowance	(94,517)	(15,539)
Total deferred tax assets	<u>788</u>	<u>1,226</u>
Deferred Tax Liabilities:		
Basis difference in flow-through entity	(2,511)	(2,704)
Goodwill	(537)	-
Total deferred tax liabilities	<u>(3,048)</u>	<u>(2,704)</u>
Net deferred tax liabilities	<u>\$ (2,260)</u>	<u>\$ (1,478)</u>

Our effective tax rate from continuing operations was (9.3%) and (2.7%) for the periods ending December 31, 2021 and 2020, respectively. Reconciliation between the amount determined by applying the U.S. federal income tax rate of 21% to pretax income from continuing operations and income tax expense is attributable to changes in our mix of pre-tax losses/earnings, the effect of non-controlling interest in income of consolidated subsidiaries, return to provision adjustments, and changes in our valuation allowance.

The Company provides a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized. Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. Based on this evaluation, as of December 31, 2021 and 2020, it is more likely than not that a portion of the existing deferred tax assets will not be realized. As such, the Company has recorded valuation allowances of approximately \$94.5 and \$15.5 million, as of December 31, 2021 and 2020, respectively, to reduce net deferred tax assets to an amount that management believes is more than likely to be realized.

The Company had no unrecognized tax benefits as of December 31, 2021 or 2020. Interest and, if applicable, penalties are recognized related to unrecognized tax benefits in income tax expense. There are no accruals for interest and penalties as of December 31, 2021 or 2020.

The Company is subject to income taxation by both federal and state taxing authorities. Income tax returns for the years ended December 31, 2020, 2019, 2018 and 2017 are open to audit by federal and state taxing authorities.

At December 31, 2021 and 2020, the Company had federal net operating loss carry-forwards (“NOLs”) of approximately \$24.6 million and \$8.9 million, respectively. A portion of the federal net operating loss carryforward was incurred prior to the enactment of the *2017 Tax Cuts and Jobs Act* and is therefore subject to expiration. Federal net operating loss carryforwards subject to expiration will begin to expire in 2026. The remaining federal net operating loss carryforwards incurred after the enactment of the *2017 Tax Cuts and Jobs Act* carryforward indefinitely.

#### NOTE 16 – SUBSEQUENT EVENTS

The Company settled \$3.3 million of contingent consideration relating to the AltaVista acquisition subsequent to December 31, 2021. The \$3.3 million was comprised of an \$1.2 million cash payment on January 18, 2022 and 186,368 shares of Class B common stock issued on February 22, 2022. This was recorded within the other current liabilities line item within the Consolidated Balance Sheet as of December 31, 2021.

On January 3, 2022, the Company remitted \$4.1 million to the Internal Revenue Service relating to the employer portion of Social Security taxes that were eligible for deferral under the CARES Act (refer to Note 14 “COVID-19 Pandemic”). This amount was recorded in the other current liabilities line item within the Consolidated Balance Sheet as of December 31, 2021.

On March 11, 2022, the Company acquired TranSmart Technologies, Inc. (“TranSmart”) for initial purchase price of \$24.5 million which was paid in a combination of cash and shares of our Class A common stock. TranSmart specializes in Intelligent Transportation Systems (ITS) and engineering for transportation agencies and customers throughout the Midwest. TranSmart was founded in 1986 and is headquartered in Chicago, Illinois employs approximately 100 employees specializing in ITS, engineering, design and construction/program management services. Total consideration may also be increased or decreased based on results in future years. Final value will be subject to the resolution of certain contingencies.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### ATLAS TECHNICAL CONSULTANTS, INC.

/s/ L. Joe Boyer

Name: L. Joe Boyer

Title: Chief Executive Officer  
(Principal Executive Officer)

Date: March 15, 2022

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below appoints L. Joe Boyer, David D. Quinn, Sr. and Walter Powell, jointly and severally, his attorney-in-fact, each with the full power of substitution, for such person, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might do or could do in person hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ L. Joe Boyer</u> L. Joe Boyer	Chief Executive Officer (Principal Executive Officer)	March 15, 2022
<u>/s/ David D. Quinn, Sr.</u> David D. Quinn, Sr.	Chief Financial Officer (Principal Financial Officer)	March 15, 2022
<u>/s/ Walter G. Powell</u> Walter G. Powell	Chief Accounting Officer (Principal Accounting Officer)	March 15, 2022
<u>/s/ R. Foster Duncan</u> R. Foster Duncan	Director	March 15, 2022
<u>/s/ Brian Ferraioli</u> Brian Ferraioli	Director	March 15, 2022
<u>/s/ Thomas Henley</u> Thomas Henley	Director	March 15, 2022
<u>/s/ Leonard K. Lemoine</u> Leonard K. Lemoine	Director	March 15, 2022
<u>/s/ Raquel G. Richmond</u> Raquel G. Richmond	Director	March 15, 2022
<u>/s/ Collis Temple</u> Collis Temple	Director	March 15, 2022
<u>/s/ Daniel G. Weiss</u> Daniel G. Weiss	Director	March 15, 2022

**DESCRIPTION OF REGISTRANT'S SECURITIES**

*The following summary of the material terms of our securities is not intended to be a complete summary of the rights and preferences of such securities. We urge you to read our charter and bylaws in their entirety for a complete description of the rights and preferences of our securities, copies of which have been filed with the SEC.*

**Authorized and Outstanding Stock**

Our charter authorizes the issuance of (a) 501,000,000 shares of capital stock, consisting of (x) 500,000,000 authorized shares of common stock, including (1) 400,000,000 authorized shares of Class A common stock, (2) 100,000,000 authorized shares of Class B common stock and (y) 1,000,000 authorized shares of preferred stock, par value \$0.0001 per share. As of March 11, 2022, there were 34,706,190 shares of Class A common Stock outstanding; (b) 3,333,893 shares of Class B common stock outstanding; and (c) no shares of preferred stock outstanding.

**Common Stock*****Class A common stock***

Holders of our Class A common stock are entitled to one vote for each share held on all matters to be voted on by stockholders. Unless specified in our charter or our bylaws, or as required by the applicable provisions of the DGCL or applicable stock exchange rules, the affirmative vote of a majority of our outstanding shares of common stock that are voted is required to approve any such matter voted on by our stockholders. Our Board is divided into three classes, each of which generally serves for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted in the election of directors can elect all of the directors. Our stockholders are entitled to receive ratable dividends when, as and if declared by the Board out of funds legally available therefor.

***Class B common stock***

The Class B common stock is a voting, non-economic class of common stock, with a par value of \$0.0001 per share. Holders of the Class B common stock vote together as a single class with holders of our Class A common stock on all matters properly submitted to a vote of the stockholders. The holders of Class B common stock generally have the right to cause Atlas TC Holdings LLC, a wholly-owned subsidiary of the Company and a Delaware limited liability company ("Holdings") to redeem all or a portion of their common units of Holdings ("Holdings Units") in exchange for shares of the Class A common stock or, at Holdings' option, an equivalent amount of cash. Upon the future exchange of Holdings Units held by any holder of Class B common stock, a corresponding number of shares of Class B common stock held by such holder of Class B common stock will be canceled. Our charter provides that Class B common stock is not entitled to receive dividends, if declared by our Board, or to receive any portion of any such assets in respect of their shares upon liquidation, dissolution, distribution of assets or winding up of the post-combination company.

***Voting Power***

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of our common stock will possess all voting power for the election of the Company's directors and all other matters requiring stockholder action and will at all times vote together as one class on all matters submitted to a vote of the stockholders of the Company. Holders of our common stock are entitled to one vote per share on matters to be voted on by stockholders.

***Dividends***

Holders of Class A common stock will be entitled to receive such dividends and other distributions, if any, as may be declared from time to time by our Board in our discretion out of funds legally available therefor and shall share equally on a per share basis in such dividends and distributions. Holders of Class B common stock are not entitled to share in any such dividends or other distributions.

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### ***Liquidation, Dissolution and Winding-Up***

In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Company, the holders of Class A common stock will be entitled to receive an equal amount per share of all of the Company's assets of whatever kind available for distribution to stockholders, after the rights of the holders of the preferred stock have been satisfied and after payment or provision for payment of the debts and other liabilities of the Company. Holders of Class B common stock are not entitled to receive any portion of any such assets in respect of their shares of Class B common stock.

### ***Preemptive or Other Rights***

The Company's stockholders have no preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock.

### ***Election of Directors***

The Board is classified into three classes, designated as Class I, Class II and Class III. Messrs. Ferraioli and Boyer and Ms. Richmond currently serve as Class I directors (the "Class I Directors"), Messrs. Weiss and Duncan currently serve as Class II directors (the "Class II Directors") and Messrs. Henley, Lemoine and Temple currently serve as Class III directors (the "Class III Directors"). The Class I Directors' term will expire at the 2023 annual meeting of stockholders; the Class II Directors' term will expire at the 2024 annual meeting of stockholders; and the Class III Directors' term will expire at the 2022 annual meeting of stockholders. At each succeeding annual meeting of the stockholders of the Company, the successors to the class of directors whose term expires at that meeting will be elected by plurality vote of all votes cast at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

### ***Preferred Stock***

Our charter provides that shares of preferred stock may be issued from time to time in one or more series. Our Board is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. Our Board is able, without stockholder approval, to issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the common stock and could have anti-takeover effects. The ability of our Board to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of the Company or the removal of existing management.

### ***Registration Rights***

#### ***Continuing Members Registration Rights Agreement***

On February 14, 2020, in connection with the consummation of the Atlas Business Combination, the Company entered into a registration rights agreement (the "Continuing Members RRA") with Atlas Holdings and its limited partners (the "Continuing Members"). Under the Continuing Members RRA, the Company has certain obligations to register for resale under the Securities Act all or any portion of the shares of the Class A common stock that the Continuing Members hold as of the date of the Continuing Members RRA and that they may acquire thereafter, including upon the exchange or redemption of any other security therefor (collectively, the "Continuing Member Registrable Securities").

Following the consummation of the Atlas Business Combination, the Company filed a registration statement registering the resale of the Continuing Member Registrable Securities. Additionally, Atlas Technical Consultants SPV, LLC and Arrow Environmental SPV LLC (together, "BCP") may demand an unlimited number of underwritten offerings for all or part of the Continuing Member Registrable Securities held by BCP and the other Continuing Members under the Continuing Member RRA.

Holders of the Continuing Member Registrable Securities have certain "piggy-back" registration rights with respect to registration statements. The company will bear the expenses incurred in connection with the filing of any such registration statements.

### ***GSO Registration Rights Agreement***

In connection with the consummation of the Atlas Business Combination, we entered into a registration rights agreement (the “GSO RRA”) with GSO Capital Opportunities Fund III LP and the other holders party thereto (together, “GSO”). Under the GSO RRA, we have certain obligations to register for resale under the Securities Act all or any portion of the shares of the Class A common stock that the Continuing Members (as defined in the Amended and Restated Limited Liability Company Agreement of Holdings) hold as of the date of the GSO RRA and that they may acquire thereafter, including upon the exchange or redemption of any other security therefor (collectively, the “GSO Registrable Securities”).

We have filed a registration statement registering the resale of the GSO Registrable Securities. Additionally, GSO may demand up to two underwritten offerings for all or part of the GSO Registrable Securities held by GSO under the GSO RRA.

Holders of the GSO Registrable Securities have certain “piggy-back” registration rights with respect to registration statements and rights to require us to register for resale the GSO Registrable Securities pursuant to Rule 415 under the Securities Act. We will bear the expenses incurred in connection with the filing of any such registration statements.

The GSO RRA does not contemplate the payment of penalties or liquidated damages to GSO as a result of a failure to register, or delays with respect to the registration of, the GSO Registrable Securities.

### ***Boxwood Registration Rights Agreement***

Pursuant to a registration rights agreement entered into on November 15, 2018, the holders of shares of Class F common stock (subsequently converted into Class A common stock in connection with the Atlas Business Combination), private placement units, private placement shares, private placement warrants and any warrants that may be issued upon conversion of the loans (and their underlying securities) made by the Sponsor to the Company in connection with the IPO and which were repaid upon the completion of the Atlas Business Combination (the “Working Capital Loans”) are entitled to registration rights. The holders of these securities are entitled to make up to three demands (or one demand in the case of private placement securities to be acquired by an affiliate of Macquarie Capital (USA) Inc. (“Macquarie Capital”)), excluding short form registration demands, that we register such securities for sale under the Securities Act. In addition, these holders have “piggy-back” registration rights to include such securities in other registration statements filed by us and rights to require us to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that we will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lock-up period. In the case of the private placement securities acquired by an affiliate of Macquarie Capital, the demand registration right provided is not exercisable for longer than five years from the effective date of the registration statement of the IPO in compliance with FINRA Rule 5110(f)(2)(G)(iv) and the piggy-back registration right provided is not exercisable for longer than seven years from the effective date of the registration statement of the IPO in compliance with FINRA Rule 5110(f)(2)(G)(v). We will bear the expenses incurred in connection with the filing of any such registration statements. The registration rights agreement does not contemplate the payment of penalties or liquidated damages to the stockholders party thereto as a result of a failure to register, or delays with respect to the registration of, our securities.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock and warrants is Continental Stock Transfer & Trust Company.

### **Listing of Securities**

Our Class A common stock is listed on the Nasdaq under the symbol “ATCX.” Our warrants were previously listed on the Nasdaq under the symbol “ATCXW.” In November 2020, all warrants were exchanged for Class A common stock, and on December 2, 2020, Nasdaq filed a Form 25 to deregister the warrants from the exchange.

## AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT

This AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT (this "Amendment") is made and entered into as of December 17, 2021 by and between Atlas Technical Consultants LLC, a Delaware limited liability company (the "Company"), and the undersigned (the "Executive"), and shall be effective as of December 17, 2021 (the "Effective Date").

WITNESSETH:

**WHEREAS**, the Company and Executive are party to that certain employment agreement, dated as of August 12, 2019 (the "Agreement"); and

**WHEREAS**, the Company desires to enter into this Amendment to the Agreement as set forth below, and Executive desires to enter into this Amendment and to continue employment with the Company, in each case, subject to the terms and provisions of the Agreement, as modified by this Amendment; and

**WHEREAS**, the parties hereto intend that the Agreement, as amended by this Amendment, shall constitute the entire agreement between the parties as to Executive's employment with the Company.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

1. **Section 8(d)**.

Section 8(d) of the Employment Agreement is replaced in its entirety as follows:

(d) Termination by the Company without Cause. The Company may terminate Executive's employment at any time during the Term of Employment without Cause, effective upon Executive's receipt of written notice of such termination. In the event that Executive's employment is terminated by the Company without Cause during the Term of Employment, subject to Section 8(i) below, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Pro-rata Annual Bonus for the year of termination, calculated based on actual performance as if Executive had remained employed through the remainder of the applicable performance period;

(iii) The Severance;

(iv) The Target Bonus, payable in accordance with Section 4(b);

(v) Accelerated vesting of all outstanding equity awards (with any unvested performance-based awards deemed achieved based on the greater of (i) the target achievement of such equity awards or (ii) the actual achievement of the applicable performance goals of such equity awards as of the date of such termination); and

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(vi) To the extent permissible under the Company's group health plan and subject to Executive's timely election of continuation coverage under COBRA, continuation of health benefits coverage at the expense of the Company, during the Severance Term (or if earlier, until the date that Executive becomes eligible to receive any health benefits as a result of subsequent employment or service during the Severance Term), of health benefits provided to Executive and Executive's dependents immediately prior to such termination, and, if not permissible under the Company's group health plan, Executive shall be entitled to receive a lump sum payment equal to the after-tax costs of comparable health benefits coverage for Executive and Executive's dependents during the Severance Term.

Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement (except relating to any rights Executive may have as an equityholder or interest holder). In addition, unless specifically provided otherwise by agreement between the Parties, this Section 8(d) shall supersede any language to the contrary under any outstanding equity award agreement. For the avoidance of doubt, Executive's sole and exclusive remedy in connection with a termination of employment without Cause shall be receipt of the amounts and benefits set forth in clauses (i) through (vi) of Section 8(d) hereof.

2. **Section 8(h)**.

Section 8(h) of the Employment Agreement is replaced in its entirety as follows:

(h) Termination in Connection with a Change in Control. In the event that (i) Executive's employment terminates due to death or Permanent Disability, (ii) the Company terminates Executive's employment without Cause, (iii) Executive terminates employment with the Company with Good Reason, or (iv) the Company terminates this Agreement by a notice of non-renewal of the then-current Term of Employment, each within the ninety (90) day period prior to or the two (2) year period following a Change in Control, subject to Section 8(i) below, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Pro-rata Annual Bonus for the year of termination, calculated based on actual performance as if Executive had remained employed through the remainder of the applicable performance period;

(iii) The Enhanced Severance;

(iv) One and one-half (1.5) times the Target Bonus, payable in accordance with Section 4(b);



(v) Immediate and full vesting of all outstanding equity awards (with any unvested performance-based awards deemed achieved based on the greater of (i) the target achievement of such equity awards or (ii) the actual achievement of the applicable performance goals of such equity awards as of the date of such Change in Control; and

(vi) To the extent permissible under the Company's group health plan and subject to Executive's timely election of continuation coverage under COBRA, continuation of health benefits coverage at the expense of the Company, during the Enhanced Severance Term (or if earlier, until the date that Executive becomes eligible to receive any health benefits as a result of subsequent employment or service during the Enhanced Severance Term), of health benefits provided to Executive and Executive's dependents immediately prior to such termination, and, if not permissible under the Company's group health plan, Executive shall be entitled to receive a lump sum payment equal to the after-tax costs of comparable health benefits coverage for Executive and Executive's dependents during the Severance Term.

Following such termination of Executive's employment in connection with a Change in Control, except as set forth in this Section 8(h), Executive shall have no further rights to any compensation or any other benefits under this Agreement. In addition, unless specifically provided otherwise by agreement between the Parties, this Section 8(h) shall supersede any language to the contrary under any outstanding equity award agreement. For the avoidance of doubt, Executive's sole and exclusive remedy in connection with a termination of employment in connection with a Change in Control shall be receipt of the amounts and benefits set forth in clauses (i) through (vi) of Section 8(h) hereof (except relating to any rights Executive may have as an equityholder or interest holder).

3. **Section 8(i).**

The following new Section 8(i) is added to the Employment Agreement with the remaining subsections of Section 8, and any cross-references thereto, renumbered accordingly:

(i) Change in Control. Notwithstanding any provision to the contrary in the Plan or any equity award agreement, subject to Executive's continued service to the Company through the effective date of a Change in Control, any outstanding and unvested equity awards with a performance-based vesting condition shall be deemed to have satisfied the actual achievement of the applicable performance goals as of the date of such Change in Control, with such equity awards continuing to vest based upon satisfaction of any time or service-based vesting criteria to which the awards are subject. In addition, if any outstanding and unvested equity awards with a time-based vesting condition held by Executive are not assumed or replaced with an equivalent award by a surviving entity in connection with a Change in Control, then all time-based vesting conditions with respect to such equity awards shall become fully vested as of immediately prior to such Change in Control.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

**COMPANY**

**ATLAS TECHNICAL CONSULTANTS LLC**

By: /s/ Laura L. Strunk

Name: Laura L. Strunk

Title: Chief Legal Officer & Corporate Secretary

*Signature Page to Amendment No. 1 to Employment Agreement*

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**EXECUTIVE**

/s/L. Joe Boyer

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L. Joe Boyer

*Signature Page to Amendment No. 1 to Employment Agreement*

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**AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of December 17, 2021, by and between Atlas Technical Consultants LLC, a Delaware limited liability company (the "Company"), and the undersigned (the "Executive"), and shall be effective as of December 17, 2021 (the "Effective Date").

WITNESSETH:

**WHEREAS**, the Company and Executive are party to that certain employment agreement, dated as of May 11, 2020 (the "Prior Agreement"); and

**WHEREAS**, the Company desires to continue to employ Executive pursuant to the terms of this Agreement, and Executive desires to enter into this Agreement and to accept such employment with the Company, in each case, subject to the terms and provisions of this Agreement; and

**WHEREAS**, the parties hereto intend that this Agreement shall supersede the Prior Agreement in its entirety.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

**Section 1. Definitions.** Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth on Appendix A attached hereto.

**Section 2. Acceptance and Term of Employment.**

The Company agrees to employ Executive, and Executive agrees to continue to serve the Company, on the terms and conditions set forth herein. The term of Executive's employment shall commence on the Effective Date and continue until the third anniversary of the Effective Date, unless earlier terminated pursuant to Section 8 hereof (the "Initial Term of Employment"); provided, that after the Initial Term of Employment, the Term of Employment shall automatically be extended for subsequent one (1) year periods until Executive's employment is terminated by either party pursuant to Section 8 hereof; provided, however, that either party may elect not to so extend this Agreement beyond the then-current Term of Employment by giving written notice of non-renewal to the other party at least sixty (60) days prior to the end of the Term of Employment.

**Section 3. Position, Duties and Responsibilities; Place of Performance.**

(a) Position, Duties, and Responsibilities. During the Term of Employment, Executive shall be employed and serve in the position set forth on Exhibit A hereto under the heading "Position" at the Company (together with such other position or positions consistent with Executive's title as the Chief Executive Officer shall specify from time to time) and shall have such duties and responsibilities commensurate with such title, including managing the day-to-day business activities of the Company and its subsidiaries (subject to operating guidelines and budgets established by the Chief Executive Officer from time to time). If requested, Executive also agrees to serve as an officer and/or director of any other member of the Company Group, in each case without additional compensation.

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(b) Performance. Executive shall devote Executive's full business time, attention, skill, and best efforts to the performance of Executive's duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment, including any activity that (x) conflicts with the interests of the Company or any other member of the Company Group, (y) interferes with the proper and efficient performance of Executive's duties for the Company or (z) interferes with Executive's exercise of judgment in the Company Group's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the Board, as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii), and (iii) of this Section 3(b) shall be limited by Executive so as not to interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

(c) Principal Place of Employment. Executive's principal place of employment shall be in Wrentham, Massachusetts, although Executive understands and agrees that Executive may be required to travel from time to time for business reasons.

#### **Section 4. Compensation.**

During the Term of Employment, Executive shall be entitled to the following compensation:

(a) Base Compensation. Executive shall be provided annualized Base Compensation, payable in accordance with the regular payroll practices of the Company, of the amount set forth on Exhibit A hereto under the heading "Base Compensation," with adjustments, if any, as may be approved in writing by the Board.

(b) Annual Bonus. Executive shall be eligible to earn an annual bonus with respect to each fiscal year of the Company ending during the Term of Employment (pro-rated for any fractional years) (the "Annual Bonus"), subject to Section 8, in an amount up to the percentage of Executive's Base Compensation set forth on Exhibit A hereto under the heading "Target Bonus Opportunity." The amount of the Annual Bonus, including any related performance metrics, shall be determined by the Board in its sole discretion. The Annual Bonus, to the extent earned, shall be paid in the calendar year following the applicable performance year within thirty (30) days following the delivery of the Company's internally consolidated financial statements prepared in accordance with US GAAP as historically applied by the Company for the relevant performance year.

(c) Incentive Equity Grant. During the Term of Employment, the Board (in its sole discretion) may grant Executive incentive equity awards in Atlas Technical Consultants, Inc. ("Atlas") pursuant to the terms of the Atlas Technical Consultants, Inc. 2019 Omnibus Incentive Plan, as may be amended and restated from time to time (the "Plan"). Executive's awards, if any, shall be subject to the terms and conditions of the Plan and applicable award agreement in all respects.

### **Section 5. Executive Benefits.**

During the Term of Employment, Executive shall be eligible to participate in health, insurance, retirement, and other benefits provided generally to similarly situated employees of the Company in accordance with the terms and conditions of such programs and plans. Executive shall also be entitled to the same number of holidays, vacation days, and sick days, as well as any other benefits, in each case as are generally allowed to similarly situated employees of the Company in accordance with the Company's policy as in effect from time to time. Executive shall be entitled to a \$1,400.00 per month vehicle allowance in accordance with the Company's policy, as in effect from time to time. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any employee benefit plan or policy at any time without providing Executive notice, and the right to do so is expressly reserved.

### **Section 6. Insurance.**

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts and with such terms, as the Company may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to cooperate with the Company in procuring such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents; provided that no financial obligation is imposed on Executive by any such documents.

### **Section 7. Reimbursement of Business Expenses.**

Executive is authorized to incur reasonable business expenses in carrying out Executive's duties and responsibilities under this Agreement, and the Company shall promptly reimburse Executive for all such reasonable business expenses, subject to documentation in accordance with the Company's policy, in each case, as in effect from time to time.

### **Section 8. Termination of Employment.**

(a) General. The Term of Employment shall terminate upon the earliest to occur of: (i) subject to Section 8(b), Executive's death, (ii) subject to Section 8(b), a termination by reason of a Permanent Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason and (v) non-renewal of the Term of Employment. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships, and any other positions Executive holds with the Company or any other member of the Company Group. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 8 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(b) Termination Due to Death or Permanent Disability. Executive's employment shall terminate automatically upon Executive's death. The Company may terminate Executive's employment immediately upon the occurrence of a Permanent Disability, such termination to be effective upon Executive's receipt of written notice of such termination. Upon Executive's death or in the event that Executive's employment is terminated due to Executive's Permanent Disability, Executive or Executive's estate or Executive's beneficiaries, as the case may be, shall be entitled to:

- (i) The Accrued Obligations;
- (ii) The Severance, payable in ratable installments in accordance with the Company's regular payroll practices during the Severance Term; and
- (iii) The Annual Bonus, to the extent earned and pro-rated for any fractional years, payable in accordance with Section 4(b).

Following Executive's death or a termination of Executive's employment by reason of a Permanent Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Executive's sole and exclusive remedy in connection with a termination of employment due to death or Permanent Disability shall be receipt of the amounts and benefits set forth in clauses (i) through (iii) of this Section 8(b).

(c) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon Executive's receipt of written notice of such termination.

(ii) In the event that the Company terminates Executive's employment for Cause, Executive shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 8(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Executive's employment at any time during the Term of Employment without Cause, effective upon Executive's receipt of written notice of such termination. In the event that Executive's employment is terminated by the Company without Cause (other than due to death or Permanent Disability) during the Term of Employment, Executive shall be entitled to:

- (i) The Accrued Obligations;

Term;

(ii) The Severance, payable in ratable installments in accordance with the Company's regular payroll practices during the Severance

(iii) The Annual Bonus, to the extent earned and pro-rated for any fractional years, payable in accordance with Section 4(b);

(iv) To the extent permissible under the Company's group health plan and subject to (A) Executive's timely election of continuation coverage under COBRA and continued COBRA eligibility and (B) Executive's continued copayment of premiums at the same level and cost to Executive as if Executive were an employee of the Company (excluding, for purposes of calculating cost, an employee's ability to pay premiums with pre-tax dollars), continuation, during the Severance Term (or if earlier, until the date that Executive becomes eligible to receive any health benefits as a result of subsequent employment or service during the Severance Term, with Executive being required to inform the Company within one (1) week of becoming eligible for group medical coverage from another employer), of health benefits provided to Executive and Executive's dependents immediately prior to such termination, at the same cost applicable to active employees of the Company; and

(v) If such termination occurs: (A) on or before the one (1) year anniversary of the effective date of this Agreement, accelerated vesting of all unvested time-based equity awards on the date of such termination (the "Termination Date"); (B) on or before the two (2) year anniversary of the effective date of this Agreement, accelerated vesting of 2/3 of the Executive's unvested time-based equity awards on the Termination Date; and (C) after the two (2) year anniversary of the effective date of this Agreement, accelerated vesting of 1/3 of the Executive's unvested time-based equity awards on the Termination Date.

(vi) With respect to any unvested performance-based equity awards held by the Executive on the Termination Date, accelerated vesting of a prorated number of such performance-based awards on the equal to the product of (A) the greater of (i) the target number of such awards or (ii) the number of such awards based on actual achievement of the applicable performance goals as of the Termination Date; and (B) a fraction, the numerator of which shall be the number of days completed in the applicable performance period as of the Termination Date, and the denominator of which shall be the total number of days in the applicable performance period.

Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement. In addition, unless specifically provided otherwise by agreement between the Parties, this Section 8(d) shall supersede any language to the contrary under any outstanding equity award agreement. For the avoidance of doubt, Executive's sole and exclusive remedy in connection with a termination of employment without Cause shall be receipt of the amounts and benefits set forth in clauses (i) through (vi) of this Section 8(d).



(e) Termination by Executive with Good Reason. Executive may terminate Executive's employment with Good Reason during the Term of Employment by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and Executive shall be entitled to the same payments and benefits as provided in Section 8(d) hereof for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 8(d) hereof. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Executive's sole and exclusive remedy in connection with a termination of employment with Good Reason shall be receipt of the amounts and benefits set forth in clauses (i) through (vi) of Section 8(d) hereof.

(f) Termination by Executive without Good Reason. Executive may terminate Executive's employment without Good Reason by providing the Company sixty (60) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 8(f), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 8(f), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination without changing the characterization of such termination as a termination by Executive without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(g) Termination Due to Non-Renewal by Executive of the Term of Employment. In the event that Executive terminates this Agreement by a notice to the Company of non-renewal of the then-current Term of Employment, as set forth in Section 2 hereof, Executive shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment due to non-renewal by Executive of a Term of Employment, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Termination Due to Non-Renewal by the Company of the Term of Employment. In the event that the Company terminates this Agreement by a notice to Executive of non-renewal of the then-current Term of Employment, as set forth in Section 2 hereof, Executive shall be entitled only to:

(i) The Accrued Obligations; and

(ii) Accelerated vesting of any outstanding equity awards which were scheduled to vest within the following one (1) year after such date of Executive's termination due to non-renewal by the Company, with any such unvested performance-based awards deemed achieved at the greater of actual and target performance.

Following such termination of Executive's employment due to non-renewal by the Company of a Term of Employment, except as set forth in this Section 8(h), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(i) Termination in Connection with a Change in Control. In the event that (i) Executive's employment is terminated by the Company without Cause as set forth in Section 8(d) or (ii) Executive terminates Executive's employment with Good Reason as set forth in Section 8(e) within the ninety (90) day period prior to or the two (2) year period immediately following a Change in Control of the Company, Executive shall be entitled to:

(i) the receipt of the amounts and benefits set forth in clauses (i) through (iv) of Section 8(d); and

(ii) immediate and full vesting of all outstanding equity awards (with any unvested performance-based awards deemed achieved based on the greater of (i) the target achievement of such equity awards or (ii) the actual achievement of the applicable performance goals of such equity awards as of the date of such Change in Control).

Following such termination of Executive's employment by the Company without Cause or by Executive with Good Reason within the ninety (90) day period prior to or the two (2) year period immediately following a Change in Control of the Company, except as set forth in this Section 8(i), Executive shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Executive's sole and exclusive remedy in connection with a termination of employment by the Company without Cause or by Executive with Good Reason within the ninety (90) day period prior to or the two (2) year period immediately following a Change in Control of the Company shall be receipt of the amounts and benefits set forth in clauses (i) and (ii) of this Section 8(i).

(j) Change in Control. Notwithstanding any provision to the contrary in the Plan or any equity award agreement, subject to Executive's continued service to the Company through the effective date of a Change in Control, any outstanding and unvested equity awards with a performance-based vesting condition shall be deemed to have satisfied the actual achievement of the applicable performance goals as of the date of such Change in Control, with such equity awards continuing to vest based upon satisfaction of any time or service-based vesting criteria to which the awards are subject. In addition, if any outstanding and unvested equity awards with a time-based vesting condition held by Executive are not assumed or replaced with an equivalent award by a surviving entity in connection with a Change in Control, then all time-based vesting conditions with respect to such equity awards shall become fully vested as of immediately prior to such Change in Control.

(k) Release. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to subsection (d), (e), (h), (i) or (j) of this Section 8 (other than the Accrued Obligations) (collectively, the "Severance Benefits") shall be conditioned upon Executive's execution and delivery to the Company of an irrevocable Release of Claims in a form substantially similar to the form attached hereto as Exhibit B (the "General Release") within sixty (60) days following the date of the Executive's termination of employment hereunder, and non-revocation of the General Release (and the expiration of any revocation period contained in such General Release). If Executive fails to execute and deliver an irrevocable General Release prior to the end of such sixty (60) day period, or timely revokes Executive's acceptance of such General Release following its execution, Executive shall not be entitled to any of the Severance Benefits. Further, to the extent that any of the Severance Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60<sup>th</sup>) day following the date of Executive's termination of employment hereunder, but for the condition on executing the General Release as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60<sup>th</sup>) day, after which any remaining Severance Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein.

(l) **Repayment of Severance Benefits.** Notwithstanding anything in this Agreement to the contrary (including this **Section 8**), in the event that Executive breaches any provision of the Non-Interference Agreement or the General Release, (i) the Severance Benefits shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto and (ii) Executive shall promptly repay all Severance Benefits previously received by Executive or Executive's dependents to the Company.

**Section 9. Non-Interference Agreement.**

As a condition of Executive's employment with the Company and the effectiveness of this Agreement, Executive has, on or prior to the date hereof, executed and delivered to the Company the Non-Interference Agreement, which is incorporated herein by reference.

**Section 10. Representations and Warranties of Executive.**

Executive represents and warrants to the Company that:

- (a) Executive is entering into this Agreement voluntarily and that Executive's employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by Executive of any agreement to which Executive is a party or by which Executive may be bound;
- (b) Executive has not violated, and in connection with Executive's employment with the Company will not violate, any non-solicitation, non-interference, non-competition, confidentiality or other similar covenant or agreement of a prior employer by which Executive is or may be bound;
- (c) In connection with Executive's employment with the Company, Executive will not use or disclose any trade secret, confidential and/or proprietary information Executive may have obtained in connection with employment with any prior employer; and
- (d) None of the Company, or any other member of the Company Group or any of their respective representatives, has provided any legal advice to Executive in connection with this Agreement and that Executive has been advised by the Company to seek, and Executive has sought, legal advice from Executive's own legal counsel regarding this Agreement.

### **Section 11. Taxes; Deductions.**

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment, and social insurance taxes, as shall be required by law and all required or authorized deductions. Executive acknowledges and represents that the Company has not provided any tax advice to Executive in connection with this Agreement and that Executive has been advised by the Company to seek tax advice from Executive's own tax advisors regarding this Agreement and payments that may be made to Executive pursuant to this Agreement.

### **Section 12. Set Off; Mitigation.**

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim, or recoupment of amounts owed by Executive to the Company or any other member of the Company Group; provided, however, that to the extent any amount so subject to set-off, counterclaim, or recoupment is payable in installments hereunder, such set-off, counterclaim, or recoupment shall not modify the applicable payment date of any installment, and to the extent an obligation cannot be satisfied by reduction of a single installment payment, any portion not satisfied shall remain an outstanding obligation of Executive and shall be applied to the next installment only at such time the installment is otherwise payable pursuant to the specified payment schedule.

### **Section 13. Additional Section 409A Provisions.**

Notwithstanding any provision in this Agreement to the contrary:

(a) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(b) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(c) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(d) While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, in no event whatsoever shall the Company or any of its affiliates be liable for any additional tax, interest, or penalties that may be imposed on Executive as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code).

**Section 14. Successors and Assigns; No Third-Party Beneficiaries.**

(a) The Company. This Agreement shall inure to the benefit of the Company and its successors and assigns and may be assigned freely by the Company to any affiliate or successor of the Company (including any purchaser of assets).

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise; provided, however, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee, or if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(a) or Section 14(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, the other members of the Company Group and Executive any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement.

**Section 15. Waiver and Amendments.**

Any waiver, alteration, amendment, or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by Executive and a duly authorized representative of the Company. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time.

**Section 16. Severability.**

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable to the maximum extent permitted by applicable law and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

**Section 17. Governing Law; Waiver of Jury Trial.**

THIS AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. EACH OF THE PARTIES HERETO SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE COMMONWEALTH OF MASSACHUSETTS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT. EACH PARTY TO THIS AGREEMENT ALSO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

**Section 18. Notices.**

(a) Place of Delivery. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that unless and until some other address is so designated, all notices and communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office with attention to the Company's Chief Legal Officer, and all notices and communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Date of Delivery. Any notice so addressed shall be deemed to be given (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

**Section 19. Section Headings; Construction and Interpretation.**

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (iv) all references herein to Sections shall be construed to refer to Sections of this Agreement unless otherwise noted. The recitals hereto are hereby incorporated herein.

**Section 20. Entire Agreement.**

This Agreement, the Non-Interference Agreement and the General Release together with any other exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and thereof. This Agreement merges and supersedes all prior negotiations, discussions, representations, proposals, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement, including, but not limited to, the Prior Agreement; provided, however, that the provisions of this Agreement are in addition to and complement (and do not replace or supersede) any other written agreement(s) or parts thereof between Executive and any member of the Company Group that create restrictions on Executive with respect to confidentiality, non-disclosure, non-competition, non-solicitation, non-interference or non-disparagement including, but not limited to, that certain Confidentiality, Non-Interference and Invention Assignment Agreement dated December 17, 2021. Executive acknowledges and agrees that the Prior Agreement, and any other employment agreement between Executive and any member of the Company Group, is hereby terminated and any obligations of the Company or any member of the Company Group to Executive thereunder have been satisfied in full. The parties represent that, in executing this Agreement, each party has not relied upon any representation or statement made by the other party, other than those set forth in this Agreement, with regard to the subject matter, basis, or effect of this Agreement.

**Section 21. Survival of Operative Sections.**

Upon any termination of Executive's employment, the provisions of Section 8 through Section 22 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

**Section 22. Counterparts.**

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or electronic (including by means of facsimile or email transmission) signature.

\* \* \*

IN WITNESS WHEREOF, the undersigned have executed this Amended and Restated Employment Agreement as of the date first above written.

**COMPANY**

**ATLAS TECHNICAL CONSULTANTS LLC**

By: /s/ L. Joe Boyer

Name: L. Joe Boyer

Title: Chief Executive Officer

*Signature Page to Amended and Restated Employment Agreement*

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**EXECUTIVE**

/s/ David D. Quinn, Sr.

David D. Quinn, Sr.

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*Signature Page to Amended and Restated Employment Agreement*

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## APPENDIX A

### Definitions

- (a) “Accrued Obligations” shall mean (i) all accrued but unpaid Base Compensation through the date of termination of Executive’s employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 7 hereof through the date of termination of Executive’s employment, (iii) any benefits provided under the Company’s employee benefit plans upon a termination of employment, in accordance with the terms contained therein, and (iv) rights with respect to equity of the Company Group, subject to, and in accordance with, the terms and conditions of the Plan and any subscription, grant or similar agreement relating to such equity.
- (b) “Agreement” shall have the meaning set forth in the preamble hereto.
- (c) “Annual Bonus” shall have the meaning set forth in Section 4(b).
- (d) “Atlas” shall have the meaning set forth in Section 4(c).
- (e) “Base Compensation” shall mean the annual salary provided for in Section 4(a).
- (f) “Board” shall mean the Board of Directors of Atlas.
- (g) “Cause” shall mean (i) Executive’s act(s) of gross negligence or willful misconduct in the course of Executive’s employment hereunder, (ii) willful failure or refusal by Executive to perform Executive’s duties or responsibilities to the Company Group or to follow the lawful directives of the Chief Executive Officer or its designee (other than as a result of death or Permanent Disability), (iii) misappropriation (or attempted misappropriation) by Executive of any assets or business opportunities of the Company or any other member of the Company Group, (iv) Executive’s commission of indictment for, conviction of or pleading guilty or *nolo contendere* to any felony or any crime involving moral turpitude, (v) Executive’s failure to cooperate in any material way with any audit or investigation of the business or financial practices of the Company Group, (vi) Executive’s commitment of (or attempting to commit) any act of theft, embezzlement, fraud, malfeasance, dishonesty or misappropriation of the Company Group’s property, (vii) Executive’s breach of this Agreement, the Non-Interference Agreement or any other non-competition, non-solicitation, confidentiality, non-disparagement or other restrictive covenant provisions relating to any member of the Company Group by which the Executive may be bound, or any other agreement between Executive, on the one hand, and a member of the Company Group, on the other hand, (viii) Executive’s material violation of the Company’s code of conduct or other written policy or (ix) Executive’s deliberate misconduct which is reasonably likely to be materially damaging to any member of the Company Group.
- (h) “Change in Control” shall have the meaning set forth in the Plan.
- (i) “COBRA” shall mean Section 4980B of the Code and Title I, Subtitle B, Part 6 of ERISA.

- (j) “Code” shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.
- (k) “Company” shall have the meaning set forth in the preamble hereto.
- (l) “Company Group” shall mean, collectively, the Company, Atlas and their respective subsidiaries and affiliates.
- (m) “Delay Period” shall have the meaning set forth in Section 13(a) hereof.
- (n) “Executive” shall have the meaning set forth in the preamble hereto.

(o) “Good Reason” shall mean, without Executive’s consent, (i) a material and ongoing diminution in Executive’s title, duties or responsibilities as set forth in Section 3 hereof, measured as of the date hereof (ii) the relocation of Executive’s principal place of employment (as provided in Section 3(c) hereof) more than twenty-five (25) miles from its current location or (iii) any other material breach of a provision of this Agreement by the Company (other than a provision that is covered by clause (i) or (ii) above); provided, that none of the foregoing events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from the Executive of written notice of the event which constitutes Good Reason as contemplated in Q, which written notice shall give reasonable specificity in the nature of the circumstances determined by the Executive in good faith to constitute Good Reason; and provided, further, that “Good Reason” shall cease to exist for an event on the sixtieth (60<sup>th</sup>) day following the occurrence of such event, unless the Executive has given the Company written notice thereof prior to such date. Executive acknowledges and agrees that Executive’s exclusive remedy in the event of any breach of this Agreement shall be to assert Good Reason pursuant to the terms and conditions of Q hereof. Notwithstanding the foregoing, during the Term of Employment, in the event that the Company reasonably believes that Executive may have engaged in conduct that could constitute Cause hereunder, the Company may, in its sole and absolute discretion, suspend Executive from performing Executive’s duties hereunder, and in no event shall any such suspension constitute an event pursuant to which Executive may terminate employment with Good Reason or otherwise constitute a breach hereunder; provided, that no such suspension shall alter the Company’s obligations under this Agreement during such period of suspension.

(p) “Initial Term of Employment” shall mean the period specified in Section 2 hereof.

(q) “Non-Interference Agreement” shall mean the Confidentiality, Non-Interference, and Invention Assignment Agreement dated as of the date hereof, by and between the Company and Executive, and attached hereto as Exhibit C.

(r) “Permanent Disability” shall mean any physical or mental disability or infirmity of Executive that prevents, or, in the good faith determination of the Board, would be reasonably likely to prevent, the performance of Executive’s duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent, or potentiality of Executive’s Permanent Disability shall be determined by the Board in good faith.

(s) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

(t) “Prior Agreement” shall have the meaning set forth in the recitals hereto.

(u) “Severance” shall mean an amount equal to one hundred percent (100%) of Executive’s then-applicable Base Compensation.

(v) “Severance Benefits” shall have the meaning set forth in Q hereof.

(w) “Severance Term” shall mean the twelve (12) month period following Executive’s termination of employment.

(x) “Term of Employment” shall mean the Initial Term of Employment and the period of any extension thereof in accordance with Section 2 hereof.

**Exhibit A**

**Employee Terms**

<b>Executive Name</b>	<b>Position</b>	<b>Base Compensation</b>	<b>Target Bonus Opportunity</b>
David D. Quinn, Sr.	Chief Financial Officer	\$ 370,000	75%

*Exhibit A to Amended and Restated Employment Agreement*

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**Exhibit B**

**General Release**

(Please see attached)

*Exhibit B to Amended and Restated Employment Agreement*

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## GENERAL RELEASE

As a condition precedent to Atlas Technical Consultants, LLC, a Delaware limited liability company (the "**Company**") providing the consideration set forth in Section 8[(d)/(e)/(h)/(i)/(j)] of the Amended and Restated Employment Agreement, by and between the Company and Executive, dated December 17, 2021 (the "**Employment Agreement**"), to which this General Release is attached as Exhibit B (this "**Release**"), to the undersigned executive ("**Executive**"), Executive hereby agrees to the terms of this Release as follows:

1. **Release.**

(a) Subject to Section 1(c) below, Executive, on behalf of Executive and Executive's heirs, executors, administrators, successors and assigns, hereby voluntarily, unconditionally, irrevocably and absolutely releases and discharges the Company, its parent, and each of their subsidiaries, affiliates, and all of their past and present employees, officers, directors, agents, owners, shareholders, representatives, members, attorneys, insurers and benefit plans, and all of their successors and assigns (collectively, the "**Released Parties**"), from any and all claims, demands, causes of action, suits, controversies, actions, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, any other damages, claims for costs and attorneys' fees, losses or liabilities of any nature whatsoever in law and in equity and any other liabilities, known or unknown, suspected or unsuspected of any nature whatsoever (hereinafter, "**Claims**") that Executive has or may have against the Released Parties: (i) from the beginning of time through the date upon which Executive signs this Release; (ii) arising from or in any way related to Executive's employment or termination of employment with any Released Parties; (iii) arising from or in any way related to any agreement with any Released Parties, including the Employment Agreement (other than Section 8[(d)/(e)/(h)/(i)/(j)] of the Employment Agreement); and/or (iv) arising from or in any way related to awards, policies, plans, programs or practices of any Released Parties that may apply to Executive or in which Executive may participate, in each case, including, but not limited to, under any federal, state or local law, act, statute, code, order, judgment, injunction, ruling, decree or writ, ordinance or regulation, including, but not limited to, any Claims under including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Rehabilitation Act; the Sarbanes-Oxley Act; the Fair Credit Reporting Act; the Equal Pay Act; the National Labor Relations Act; to the extent permitted by applicable law, any whistleblower, relator, False Claims Act or qui tam claims and/or any personal right to recovery under such claims; the Occupational Safety and Health Act; any applicable Executive Order Programs; the Fair Labor Standards Act; the Massachusetts Fair Employment Practices Law; the Massachusetts Civil Rights Act; the Massachusetts Equal Rights Act; the Minimum Fair Wage Law; the Massachusetts Wage Act (as further described in sub-section (b), below); the Massachusetts Equal Pay Act; the Massachusetts Parental Leave Law; the Massachusetts Small Necessities Leave Act; any claims arising under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters.

*Exhibit B to Amended and Restated Employment Agreement*

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(b) Massachusetts Wage Act Waiver. Executive agrees that this release includes claims against the Company and the Released Parties under Mass. Gen. Laws c. 149 Section 148, et. seq. (the Massachusetts Wage Act). These claims include, but are not limited to, claims for failure to pay earned wages, failure to pay overtime, failure to pay earned commissions, failure to timely pay wages, failure to pay accrued vacation or holiday pay, failure to furnish appropriate pay stubs, improper wage deductions, and failure to provide proper check-cashing facilities.

(c) Executive understands that Executive may later discover claims or facts that may be different than, or in addition to, those which Executive now knows or believes to exist with regards to the subject matter of this Release and the releases in this Section 1, and which, if known at the time of executing this Release, may have materially affected this Release or Executive's decision to enter into it. Executive hereby waives any right or claim that might arise as a result of such different or additional claims or facts.

(d) This Release is not intended to bar or affect (i) any Claims that may not be waived by private agreement under applicable law, such as claims for workers' compensation or unemployment insurance benefits, (ii) vested rights under the Company's 401(k) or pension plan, (iii) any Claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise to which Executive is entitled, (iv) any right to the payments and benefits set forth in Section 8[(d)/(e)/(h)(i)/(j)] of the Employment Agreement, and/or (v) any Accrued Obligations (as such term is defined in the Employment Agreement).

(e) Nothing in this Release is intended to prohibit or restrict Executive's right to file a charge with, or participate in a charge by, the Equal Employment Opportunity Commission or any other administrative body or governmental agency; provided, however, that Executive hereby waives the right to recover any monetary damages or other relief against any Released Parties to the fullest extent permitted by law, excepting any benefit or remedy to which Executive is or becomes entitled to pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(f) Notwithstanding anything in this Release to the contrary, Executive's release of Claims under the ADEA (the "ADEA Release") shall only become effective upon: (i) Executive's separate signature set forth on the signature page of this Release reflecting his assent to his release of Claims under the ADEA and (ii) the occurrence of the ADEA Release Effective Date.

(g) Executive represents that Executive has made no assignment or transfer of any right or Claim covered by this Section 1 and that Executive further agrees that he is not aware of any such right or Claim covered by this Section 1.

*Exhibit B to Amended and Restated Employment Agreement*

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2. **Return of Company Property.** Executive acknowledges that Executive has complied with Section 3 of the Confidentiality, Non-Interference and Invention Assignment Agreement, by and between the Company and Executive, dated December 17, 2021 (the “**Non-Interference Agreement**”). If Executive discovers any property of the Released Parties in his possession after his termination of employment, Executive shall immediately return such property to the Company.

3. **Nondisparagement.** Subject to Section 7(b) below, Executive agrees not to, and to cause any business or entity controlled by Executive not to, (a) make any statement, written or oral, directly or indirectly, which in any way disparages the Released Parties in any manner whatsoever, or portrays the Released Parties in a negative light or would in any way place the Released Parties in disrepute and/or (b) encourage anyone else to disparage or criticize the Released Parties, or put them in a bad light.

4. **Continuing Obligations.** Executive acknowledges and agrees that he will comply with all applicable restrictive covenants contained in this Release, the Employment Agreement, the Non-Interference Agreement and any agreement contemplated by any of the foregoing at all times, and such provisions are expressly incorporated herein by reference (the “**Continuing Obligations**”). Executive acknowledges and agrees that he has not breached any of the Continuing Obligations.

5. **Consultation/Voluntary Agreement.** Executive acknowledges that the Company has advised Executive of Executive’s right to consult with an attorney prior to executing this Release. Executive has carefully read and fully understands all of the provisions of this Release. Executive is entering into this Release, knowingly, freely and voluntarily in exchange for good and valuable consideration to which Executive would not be entitled in the absence of executing and not revoking this Release.

6. **Review and Revocation Period.** Executive has been given [twenty-one (21)/ forty-five (45)] calendar days to consider the terms of this Release, although Executive may sign it at any time sooner. Executive has seven (7) calendar days after the date on which Executive executes this Release for purposes of the ADEA Release to revoke Executive’s consent to the ADEA Release. Such revocation must be in writing and must be e-mailed to [●] at [●]. Notice of such revocation of the ADEA Release must be received within the seven (7) calendar days referenced above. In the event of such revocation of the ADEA Release by Executive, with the exception of the ADEA Release (which shall become null and void), this Release shall otherwise remain fully effective. Provided that Executive does not revoke his execution of the ADEA Release within such seven (7) day revocation period, the “**ADEA Release Effective Date**” shall occur on the eighth calendar day after the date on which he signs the signature page of this Release reflecting Executive’s assent to the ADEA Release.

7. **Confidentiality; Permitted Disclosures.**

(a) Executive agrees that this Release and the Employment Agreement are confidential and agrees not to disclose any information regarding the terms of this Release or the Employment Agreement, except to his immediate family and any tax or legal counsel he has consulted regarding the meaning or effect hereof or as required by law, and Executive will instruct each of the foregoing not to disclose the same to anyone.

*Exhibit B to Amended and Restated Employment Agreement*

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(b) Nothing in this Release or any other agreement or Company policy shall prohibit or restrict Executive or his attorneys from: (i) making any disclosure of relevant and necessary information or documents in any action, investigation, or proceeding relating to this Release, or as required by law or legal process, including with respect to possible violations of law; (ii) participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, or any self-regulatory organization; or (iii) accepting any U.S. Securities and Exchange Commission awards. In addition, nothing in this Release or any other agreement or Company policy prohibits or restricts Executive from initiating communications with, or responding to any inquiry from, any administrative, governmental, regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. Pursuant to 18 U.S.C. § 1833(b), Executive will not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret of the Company or its affiliates that (i) is made (x) in confidence to a Federal, state, or local government official, either directly or indirectly, or to Executive's attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit (not otherwise waived by this Agreement) for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or any other agreement between the parties or any other policies of the Company or its affiliates is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

8. **No Admission of Wrongdoing.** Neither this Release, nor the furnishing of the consideration for this Release, shall be deemed or construed at any time to be an admission by the parties of any improper or unlawful conduct.

9. **Third-Party Beneficiaries.** Executive acknowledges and agrees that all Released Parties are third-party beneficiaries of this Release and have the right to enforce this Release.

10. **Assignment.** Executive shall not assign any rights, or delegate or subcontract any obligations, under this Release. The Company may freely assign its rights and obligations under this Release at any time to any successor or affiliate.

11. **Governing Law.** This Release shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without regard to the application of any choice-of-law rules that would result in the application of another state's laws. The parties irrevocably consent to the jurisdiction of, and exclusive venue in, the state and federal courts in Massachusetts with respect to any matters pertaining to, or arising from, this Release.

12. **Savings Clause.** If any term or provision of this Release is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Release or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision of this Release is invalid, illegal or unenforceable, this Release shall be enforceable as closely as possible to its intent of providing the Released Parties with a full release of all legally releasable claims through the date upon which Executive signs this Release.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

*Exhibit B to Amended and Restated Employment Agreement*

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IN WITNESS WHEREOF, Executive has executed this Release as of the below-indicated date(s).

**THIS RELEASE MAY NOT BE SIGNED PRIOR TO EXECUTIVE'S LAST DAY OF EMPLOYMENT**

EXECUTIVE

\_\_\_\_\_  
(Signature)

Date Executed: \_\_\_\_\_

**ACKNOWLEDGED AND AGREED WITH RESPECT TO ADEA RELEASE**

EXECUTIVE

\_\_\_\_\_  
(Signature)

Date Executed: \_\_\_\_\_

*Exhibit B to Amended and Restated Employment Agreement*

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**Exhibit C**

**Non-Interference Agreement**

(Please see attached)

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**CONFIDENTIALITY, NON-INTERFERENCE  
AND INVENTION ASSIGNMENT AGREEMENT**

This Confidentiality, Non-Interference and Invention Assignment Agreement (this "Non-Interference Agreement") is made and entered into as of December 17, 2021, by and between Atlas Technical Consultants LLC, a Delaware limited liability company (the "Company"), and the undersigned (the "Executive," "me," "my" or "I"), as a condition of my Amended and Restated Employment Agreement, dated as of the date hereof, with the Company (the "Employment Agreement"). All capitalized terms used but not defined herein shall be as defined in the Employment Agreement. In consideration of as applicable, (x) my employment with the Company and my receipt of the compensation now and hereafter payable to me by the Company and (y) the provision of services to the Company Group (as defined herein), I agree to the terms and conditions of this Non-Interference Agreement:

**WITNESSETH:**

**WHEREAS**, in connection with, and as a condition to the Company's entry into the Employment Agreement, the Company and Executive desire to enter into this Non-Interference Agreement.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

**Section 1. Confidential Information.**

(a) Company Group Information. I acknowledge that, during the course of my employment with or provision of services to the Company, Atlas Technical Consultants, Inc. or any of their respective affiliates, subsidiaries and successors (collectively, the "Company Group"), I will have access to information about the Company Group and that my employment with or provision of services to any member of the Company Group shall bring me into close contact with confidential and proprietary information of the Company Group. In recognition of the foregoing, I agree, at all times during the term of my employment with or provision of services to any member of the Company Group and at all times thereafter, to hold in confidence, and not to use, except for the benefit of the Company Group, or to disclose to any Person, firm, corporation, or other entity without written authorization of a duly authorized representative of the Company, any Confidential Information that I obtain or create. I further agree not to make copies of such Confidential Information except as authorized by the Company. I understand that "Confidential Information" means information that the Company Group has or will develop, acquire, create, compile, discover, or own, that has value in or to the business of the Company Group that is not generally known and that the Company Group wishes to maintain as confidential. I understand that Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products, research, or development of the Company Group, or to the technical data, trade secrets, or know-how of the Company Group, including, but not limited to, research, development or product plans, or other information regarding the products or services and markets of the Company Group, customer lists, and customers (including, but not limited to, customers of the Company Group on whom I called or with whom I may become acquainted during the term of my employment or provision of services to the Company Group), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, drilling plans, acquisition strategies, marketing, finances, and other business information disclosed by the Company Group either directly or indirectly in writing, orally, or by drawings or inspection of premises, parts, equipment, or other property of the Company Group. Notwithstanding the foregoing, and subject to Section 10 below, Confidential Information shall not include (i) any of the foregoing items that have become publicly and widely known through no unauthorized disclosure by me or others who were under confidentiality obligations as to the item or items involved or (ii) any information that I am required to disclose to, or by, any governmental or judicial authority.

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(b) Permitted Disclosures. Nothing in this Non-Interference Agreement or any other agreement between the parties or any other policies of the Company Group shall prohibit or restrict me or my attorneys from: (a) making any disclosure of relevant and necessary information or documents in any action, investigation, or proceeding relating to this Non-Interference Agreement, or as required by law or legal process, including with respect to possible violations of law; (b) participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, any self-regulatory organization, and/or pursuant to the Sarbanes-Oxley Act; or (c) accepting any U.S. Securities and Exchange Commission awards. In addition, nothing in this Non-Interference Agreement or any other agreement between the parties or any other policies of the Company Group prohibits or restricts me from initiating communications with, or responding to any inquiry from, any regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. Pursuant to 18 U.S.C. § 1833(b), I will not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret of the Company Group that (i) is made (x) in confidence to a Federal, state, or local government official, either directly or indirectly, or to my attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If I file a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, if I file any document containing the trade secret under seal, and do not disclose the trade secret, except pursuant to court order. Nothing in this Non-Interference Agreement or any other agreement between the parties or any other policies of the Company Group is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

(c) Former Employer Information. I represent that my performance of all or any duties, responsibilities, and activities of employment, and my provision of services to the Company Group has not breached and will not breach any agreement to keep in confidence proprietary information, knowledge, or data acquired by me in confidence or trust prior or subsequent to the commencement of my employment with or provision of services to any member of the Company Group, and I will not disclose to any member of the Company Group, or induce any such Person to use, any developments, or confidential or proprietary information or material I may have obtained in connection with employment with any prior employer in violation of a confidentiality agreement, nondisclosure agreement, or similar agreement with such prior employer.

## Section 2. Developments.

(a) Developments Retained and Licensed. I have attached hereto, as Schedule A, an executed list describing with particularity all developments, original works of authorship, improvements, and trade secrets that were created or owned by me prior to the commencement of my employment (collectively referred to as "Prior Developments"), that belong solely to me or belong to me jointly with another, that relate in any way to any of the proposed businesses, products, or research and development of the Company Group, and that are not assigned to the Company hereunder, or if no such list is attached, I represent that there are no such Prior Developments. If, during any period during which I perform or performed services for the Company Group, both before or after the date hereof (the "Assignment Period"), whether as an officer, employee, director, independent contractor, consultant, or agent, or in any other capacity, I incorporate (or have incorporated) into a Company Group product or process a Prior Development owned by me or in which I have an interest, I hereby grant the Company Group, and the Company Group shall have, a non-exclusive, royalty-free, irrevocable, perpetual, transferable worldwide license (with the right to sublicense) to make, have made, copy, modify, make derivative works of, use, sell, and otherwise distribute such Prior Development as part of or in connection with such product or process.

(b) Assignment of Developments. I agree that I will, without additional compensation, promptly make full written disclosure to the Company, and will hold in trust for the sole right and benefit of the Company Group, all developments, original works of authorship, inventions, concepts, know-how, improvements, trade secrets, and similar proprietary rights, whether or not patentable or registrable under copyright or similar laws, which I may (or have previously) solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the Assignment Period, whether or not during regular working hours, provided they either (i) relate at the time of conception or reduction to practice of the invention to the business of the Company Group, or actual or demonstrably anticipated research or development of the Company Group; (ii) result from or relate to any work performed for the Company Group; or (iii) are developed through the use of equipment, supplies, or facilities of the Company Group, or any Confidential Information, or in consultation with personnel of the Company Group (collectively referred to as "Developments"). I further acknowledge that all Developments made by me (solely or jointly with others) within the scope of and during the Assignment Period are "works made for hire" (to the greatest extent permitted by applicable law) for which I am, in part, compensated by the compensation payable to me under the Employment Agreement unless regulated otherwise by law, but that, in the event any such Development is deemed not to be a work made for hire, I hereby assign to the Company Group, or its designee, all my right, title, and interest throughout the world in and to any such Development.

(c) Maintenance of Records. I agree to keep and maintain adequate and current written records of all Developments made by me (solely or jointly with others) during the Assignment Period. The records may be in the form of notes, sketches, drawings, flow charts, electronic data or recordings, or any other format. The records will be available to and remain the sole property of the Company Group at all times. I agree not to remove such records from the Company's place of business except as expressly permitted by Company policy, which may, from time to time, be revised at the sole election of the Company for the purpose of furthering the business of the Company Group.

(d) **Intellectual Property Rights.** I agree to assist the Company Group, or its designee, at the Company's expense, in every way to secure the rights of the Company Group in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights, moral rights, and other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that the Company shall deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to the Company Group the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of the Assignment Period until the expiration of the last such intellectual property right to expire in any country of the world; provided, however, the Company shall reimburse me for my reasonable expenses incurred in connection with carrying out the foregoing obligation. If the Company is unable because of my mental or physical incapacity or unavailability for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to the Company Group as set forth above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact to act for and in my behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, or prosecution, issuance, maintenance, and transfer of, patent letters or registrations thereon with the same legal force and effect as if originally executed by me. I hereby waive and irrevocably quitclaim to the Company Group any and all claims, of any nature whatsoever, that I now or hereafter have for past, present, or future infringement of any and all proprietary rights assigned to the Company Group.

**Section 3. Returning Company Group Documents.** I agree that, at the time of termination of my employment with or provision of services to any member of the Company Group or at any other time as requested by the Company, I will deliver to the Company (and will not keep in my possession, recreate, or deliver to anyone else) any and all Confidential Information and all other documents, materials, information, and property developed by me pursuant to my employment or engagement with the Company Group or otherwise belonging to the Company Group. I agree further that any property situated on the Company Group's premises and owned by the Company Group, including storage media, filing cabinets, and other work areas, is subject to inspection by personnel of the Company Group at any time with or without notice.

**Section 4. Disclosure of Agreement.** As long as it remains in effect, I will disclose the existence of this Non-Interference Agreement to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such Person.

**Section 5. Restrictions on Interfering.** I acknowledge and agree that the covenants contained in this Section 5 are in addition to, and not in lieu of, any similar restrictions that may exist in any other agreement between any member of the Company Group and me, as may be modified, amended, restated or amended and restated from time to time, and to the extent I am a party to such an agreement, the Company may elect to enforce the covenants contained therein without limiting the Company's rights to enforce the covenants contained herein.

(a) Non-Competition. In consideration of the Company Group's willingness to offer me the payments and benefits provided in Sections 4(b) and 4(c) and Section 5 of my Employment Agreement (collectively, the "Consideration"), each of which is independent of my continuation of employment with the Company Group, I am willing to enter into the non-competition covenant contained in this Section 5(a). **The provision of the Consideration to me is acknowledged and agreed by me and the Company Group to constitute "fair and reasonable" and "other mutually-agreed upon" consideration within the meaning of paragraphs (b)(ii) and (b)(vii) of the Massachusetts Noncompetition Agreement Act, Mass. Gen. Law c.149, §24L.** During the period of my employment with or provision of services to the Company Group (the "Employment Period") and the Post-Termination Restricted Period, I shall not, directly or indirectly, individually or on behalf of any Person, company, enterprise, or entity, or as a sole proprietor, partner, stockholder, director, officer, principal, agent, employee or executive, or in any other capacity or relationship, engage in (or take any preparatory steps to engage in) any Competitive Activities within the Restricted Area; provided, that in the event of a termination of my employment with the Company Group by any member of the Company Group without Cause (as defined in the Employment Agreement), this Section 5(a) shall not apply during the Post-Termination Restricted Period. Notwithstanding the foregoing, nothing herein shall prohibit me from investing in the publicly traded equity securities of a Person engaged in any Competitive Activities so long as I (i) am not a controlling person of, or a member of a group which controls, such Person, (ii) do not directly or indirectly own more than one percent (1%) of any class of securities of such Person and (iii) do not undertake any of the Competitive Activities with respect to such Person and otherwise have no active participation in the business of such Person.

(b) Non-Interference. During the Employment Period and the Post-Termination Restricted Period, I shall not, directly or indirectly for my own account or for the account of any other individual or entity, engage in Interfering Activities; provided, however, that if my termination of employment occurs within the ninety (90) day period prior to or the two (2) year period immediately following a Change in Control (as defined in the Employment Agreement), this Section 5(b) shall apply for the period commencing on the date of the termination of the Employment Period and ending on the twenty-four (24) month anniversary of such date of termination.

(c) Definitions. For purposes of this Non-Interference Agreement:

(i) "Business Relation" shall mean any current or prospective client, customer, licensee, supplier, or other business relation of any member of the Company Group, or any such relation that was a client, customer, licensee or other business relation within the prior twelve (12) month period, in each case, with whom I transacted business, or about whom I learned non-public information through my employment with or provision of services to the Company Group, or who became clients, customers, licensees, suppliers, or other business relations of the Company Group during my employment with or provision of services to the Company Group, or whose identity became known to me in connection with my relationship with the Company Group, or employment by any member of the Company Group.



(ii) “Competitive Activities” shall mean, directly or indirectly, owning any interest in, participating in (whether as a director, officer, employee, member or partner), consulting with, rendering services for (including as an employee), or in any manner engaging in any business or enterprise that competes with the Company Group.

(iii) “Interfering Activities” shall mean (A) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person employed by, or providing consulting services to, any member of the Company Group to terminate such Person’s employment or services (or in the case of a consultant, materially reducing such services) with the Company Group; (B) hiring any individual who was employed by any member of the Company Group within the twelve (12) month period prior to the date of such hiring; or (C) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induct, any Business Relation to cease doing business with, reduce the amount of business conducted with, or alter the terms of the relationship with, the Company Group, or in any way interfering with the relationship between any such Business Relation and the Company Group.

(iv) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

(v) “Post-Termination Restricted Period” shall mean the period commencing on the date of the termination of the Employment Period (whether for any reason or no reason and whether my employment is terminated at the option of the Company or me) and ending on the twelve (12) month anniversary of such date of termination.

(vi) “Restricted Area” shall mean those designated on Schedule B hereto.

(d) Non-Disparagement. Subject to Section 10 below, I agree that during the Employment Period, and at all times thereafter, I will not, and will cause each of my affiliates not to, make, publish, or communicate any disparaging or defamatory comments regarding members of the Company Group or their respective current or former directors, officers, members, partners, employees, customers, suppliers or direct or indirect owners in any respect or make any comments concerning any aspect of my relationship with the Company Group or any conduct or events which precipitated any termination of my employment from or engagement with the Company Group.

## **Section 6. Reasonableness of Restrictions.**

I understand that the nature of my position gives me access to and knowledge of Confidential Information and places me in a position of trust and confidence with the Company Group and that I will benefit from the Company Group's goodwill. I understand and acknowledge that the Company invested significant time and expense in developing the Confidential Information and goodwill. I acknowledge and recognize the highly competitive nature of the Company Group's business, that access to Confidential Information renders me special and unique within the Company Group and Company Group's industry, and that I will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the Company Group during the course of and as a result of my employment with or provision of services to the Company Group. In exchange for my promises hereunder, the Company Group (a) is providing me with the Employment Agreement and (b) is promising to provide me, on an as-needed basis based on the Company's business interests, with Confidential Information, introductions to, and contact with key customers of the Company Group and specialized training and further, I acknowledge and agree that such consideration is adequate and sufficient consideration for me to enter into this Non-Interference Agreement. I recognize and acknowledge that the restrictions and limitations set forth in this Non-Interference Agreement are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group. I further acknowledge that the restrictions and limitations set forth in this Non-Interference Agreement will not materially interfere with my ability to earn a living following the termination of my employment with or provision of services to the Company Group and that my ability to earn a livelihood without violating such restrictions is a material condition to my employment with or provision of services to any member of the Company Group.

## **Section 7. Independence; Severability; Blue Pencil.**

Each of the rights enumerated in this Non-Interference Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company or other members of the Company Group at law or in equity. If any of the provisions of this Non-Interference Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Non-Interference Agreement, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, I agree that the court making such determination shall have the power to reduce the duration, scope, and/or area of such provision to the maximum and/or broadest duration, scope, and/or area permissible by law, and in its reduced form, said provision shall then be enforceable. Furthermore, a determination in any jurisdiction that this Non-Interference Agreement, in whole or in part, is invalid or unenforceable shall not in any way affect or impair the validity, legality or enforceability of this Non-Interference Agreement in any other jurisdiction.

## **Section 8. Injunctive Relief.**

I expressly acknowledge that any breach or threatened breach of any of the terms and/or conditions set forth in this Non-Interference Agreement may result in substantial, continuing and irreparable injury to the Company Group. Therefore, I hereby agree that, in addition to any other remedy that may be available to the Company Group, the Company Group shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Non-Interference Agreement without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach or the posting of a bond. Notwithstanding any other provision to the contrary, I acknowledge and agree that the Post-Termination Restricted Period shall be tolled during any period of violation of any of the covenants in Section 5 hereof and during any other period required for litigation during which the Company Group seeks to enforce such covenants against me if it is ultimately determined that I was in breach of such covenants.

### **Section 9. Cooperation.**

I agree that, following any termination of my employment, I will continue to provide reasonable cooperation to the Company and/or other members of the Company Group and its or their respective counsel in connection with any internal or external claim, charge, audit, contractual dispute, investigation, administrative proceeding, or litigation relating to any matter that occurred during my employment in which I was involved, of which I have knowledge or on which I may be a witness. As a condition of such cooperation, the Company shall reimburse me for reasonable and documented out-of-pocket expenses incurred at the request of the Company with respect to my compliance with this Section 9 in accordance with Company policy regarding business expenses. I also agree that, in the event I am subpoenaed by any Person or entity (including, but not limited to, any government agency) to give testimony or provide documents (in a deposition, court proceeding, or otherwise), that in any way relates to my employment with or provision of services to the Company Group, I will give prompt notice of such request to the Company and, to the extent permitted by applicable law, will make no disclosure until the Company has had a reasonable opportunity to contest the right of the requesting Person or entity to such disclosure. I shall not encourage, counsel or assist any nongovernmental attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges or complaints by any non-governmental third party against any member of the Company Group.

### **Section 10. Response to Subpoena, Court Order or Other Legal Process.**

Nothing in this Non-Interference Agreement shall prohibit or restrict the Company, me or our respective attorneys from: (a) making any disclosure of relevant and necessary information or documents in any action, investigation, or proceeding relating to this Non-Interference Agreement, or as required by law or legal process, including with respect to possible violations of law; or (b) participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, any self-regulatory organization, and/or pursuant to the Sarbanes-Oxley Act; provided that, to the extent permitted by law, upon the Company's or my receipt of any subpoena, court order, or other legal process compelling the disclosure of any such information or documents, such party agrees to give prompt written notice by hand delivery to the other party, and wait at least ten (10) days before responding to such subpoena, court order or other legal process, in order to permit such party to protect the interests in confidentiality to the fullest extent possible. In addition, nothing in this Non-Interference Agreement prohibits or restricts me or the Company from initiating communications with, or responding to any inquiry from, any regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation.

## Section 11. General Provisions.

(a) Governing Law; Waiver of Jury Trial. AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL, THE PARTIES AGREE THAT THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS NON-INTERFERENCE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE UNITED STATES OF AMERICA AND THE COMMONWEALTH OF MASSACHUSETTS, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS. EACH OF THE PARTIES HERETO SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE BUSINESS LITIGATION SECTION OF THE SUFFOLK COUNTY SUPERIOR COURT SITTING IN THE COMMONWEALTH OF MASSACHUSETTS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT. BY EXECUTION OF THIS NON-INTERFERENCE AGREEMENT, I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS NON-INTERFERENCE AGREEMENT. I ACKNOWLEDGE AND AGREE THAT I HAVE ENTERED INTO THIS Section 11(a) KNOWINGLY AND VOLUNTARILY AND AFTER CONSULTING WITH MY LEGAL COUNSEL. NOTWITHSTANDING ANYTHING IN THIS NON-INTERFERENCE AGREEMENT TO THE CONTRARY, I UNDERSTAND THAT MY AGREEMENT TO THIS Section 11(a) IS NOT A CONDITION TO MY EMPLOYMENT WITH THE COMPANY.

(b) Entire Agreement. Except as set forth in the Employment Agreement and any other documents contemplated by the foregoing, this Non-Interference Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions, negotiations, representations, proposals, agreements and understandings of every kind and nature between us. The parties represent that, in executing this Non-Interference Agreement, each party has not relied upon any representation or statement made by the other party, other than those set forth in this Non-Interference Agreement, with regard to the subject matter, basis, or effect of this Non-Interference Agreement. No modification or amendment to this Non-Interference Agreement, nor any waiver of any rights under this Non-Interference Agreement, will be effective unless in writing signed by the party to be charged. No waiver by either party of a breach of any provision of this Non-Interference Agreement by the other party, or of compliance with any condition or provision of this Non-Interference Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time. Any subsequent change or changes in my duties, obligations, rights, or compensation will not affect the validity or scope of this Non-Interference Agreement.

(c) No Right of Employment. I acknowledge and agree that nothing contained herein shall be construed as granting me any right to continued employment with or provision of services to the Company Group, and the right of the applicable member of the Company Group to terminate my employment with or provision of services to the Company Group at any time and for any reason, with or without cause, is specifically reserved.

(d) Successors and Assigns. This Non-Interference Agreement will be binding upon my heirs, executors, administrators, and other legal representatives and will be for the benefit of each of the Company and its successors and assigns. I shall not assign any rights, or delegate or subcontract any obligations, under this Non-Interference Agreement. I expressly acknowledge and agree that this Non-Interference Agreement may be assigned without my consent to any other member of the Company Group, as well as any successor of the Company, including any purchaser of all or substantially all of the assets of the Company.

(e) Survival. The provisions of this Non-Interference Agreement shall survive the termination of my employment with or provision of services to any member of the Company Group and/or the assignment of this Non-Interference Agreement by the Company to any successor in interest or other assignee.

(f) Counterparts. This Non-Interference Agreement may be executed simultaneously in counterparts, each of which shall be an original, but all of which shall constitute one and the same agreement. A faxed, .pdf-ed or electronic signature shall operate the same as an original signature.

(g) Counsel; Review Period. I acknowledge and agree that I have been advised of my right to consult with counsel prior to executing this Agreement and acknowledge that I have had the opportunity to review this Agreement for at least ten (10) business days prior to signing it.

*[Signature page follows]*

IN WITNESS WHEREOF, the undersigned have executed this Confidentiality, Non-Interference, and Invention Assignment Agreement as of the date first above written.

**COMPANY**

Atlas Technical Consultants LLC

By: /s/ L. Joe Boyer

Name: L. Joe Boyer

Title: Chief Executive Officer

*Signature Page to Confidentiality, Non-Interference, and Invention Assignment Agreement*

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**EXECUTIVE**

/s/ David D. Quinn, Sr.

David D. Quinn, Sr.

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*Signature Page to Confidentiality, Non-Interference, and Invention Assignment Agreement*

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**SCHEDULE A**  
**LIST OF PRIOR DEVELOPMENTS**  
**AND ORIGINAL WORKS OF AUTHORSHIP**  
**EXCLUDED FROM SECTION 2**

Title

Date

Identifying Number or  
Brief Description

No Developments or improvements

Additional Sheets Attached

Signature of Executive: /s/ David D. Quinn, Sr.

Print Name of Executive: David D. Quinn, Sr.

Date: December 17, 2021

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**SCHEDULE B**  
**RESTRICTED AREA**

1. All counties in the states of Texas, Florida, Georgia, Alabama, Mississippi, Louisiana, Texas, California, Washington, Oregon, Colorado, New York, New Jersey and Massachusetts where I, directly or indirectly, provided services during the last two (2) years of my employment.
  2. Any location that is within 250 miles of a Company Group office in which I provided services during the last two (2) years of my employment.
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## List of Subsidiaries

Name	Jurisdiction of Formation or Incorporation
Alta Vista Solutions, Inc.	Delaware
Atlantic Engineering Laboratories, LLC	Delaware
Atlas TC Holdings LLC	Delaware
Atlas Intermediate Holdings LLC	Delaware
Atlas Technical Consultants Sole Member LLC	Delaware
Atlas Technical Consultants LLC	Delaware
ATC Sole Member LLC	Delaware
Arrow Environmental Holdings GP LLC	Delaware
Arrow Environmental Holdings LP	Delaware
Arrow ATC Holdings LLC	Delaware
ATC Group Partners LLC	Delaware
ATC Group Holdings LLC	Delaware
ATC Group Services LLC	Delaware
ATC Group Services (CA) Inc.	Delaware
ATC Group Services (CT) Inc.	Delaware
ATC Group Services (MA) Inc.	Delaware
ATC Group Services (MI) LLC	Delaware
ATC Associates of North Carolina, P.C.	North Carolina
Atlas ATC Engineering Inc.	New York
ATC Engineering, LLP	New York
Long Engineering, LLC	Delaware
O'Neill Service Group LLC	Delaware
WesTest, LLC	Colorado
Quality Assurance Engineering, Inc.	California
Caitcon, LLC	California
Atlas Engineering West Inc.	California

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our report dated March 15, 2022, with respect to the consolidated financial statements included in the Annual Report of Atlas Technical Consultants, Inc. on Form 10-K for the year ended December 31, 2021. We consent to the incorporation by reference of said report in the Registration Statements of Atlas Technical Consultants, Inc. on Form S-4 (File No. 333-249553 effective October 19, 2020), on Form S-3 (File No.333-256857 effective June 7, 2021), on Form S-3/A (File No.333-256857 effective July 1, 2021), and on Form S-8 (File No. 333-251041 effective November 30, 2020).

/s/ GRANT THORNTON LLP

Houston, Texas  
March 15, 2022

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13A-14(A) AND 15D-14(A)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, L. Joe Boyer, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2021 of Atlas Technical Consultants, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2022

/s/ L. Joe Boyer

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L. Joe Boyer  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13A-14(A) AND 15D-14(A)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, David D. Quinn Sr., certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2021 of Atlas Technical Consultants, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2022

/s/ David D. Quinn Sr.

David D. Quinn Sr.  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. 1350  
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Annual Report on Form 10-K of Atlas Technical Consultants, Inc. (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, L. Joe Boyer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2022

/s/ L. Joe Boyer

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L. Joe Boyer  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. 1350  
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Annual Report on Form 10-K of Atlas Technical Consultants, Inc. (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David D. Quinn Sr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2022

/s/ David D. Quinn Sr.

David D. Quinn Sr.  
Chief Financial Officer  
(Principal Financial Officer)