

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 27, 2020

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 001-35849

**NV5 Global, Inc.**  
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

45-3458017

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

**200 South Park Road, Suite 350**  
**Hollywood, Florida**

(Address of principal executive offices)

33021

(Zip Code)

(954) 495-2112

(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
Common Stock, \$0.01 par value	NVEE	The NASDAQ Stock Market

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

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

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

Large accelerated filer  Accelerated Filer  Non-accelerated filer  Smaller reporting company

Emerging growth company

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

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

As of August 3, 2020, there were 13,214,204 shares outstanding of the registrant's common stock, \$0.01 par value.

**NV5 GLOBAL, INC.**  
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ITEM 1. FINANCIAL STATEMENTS.

NV5 Global, Inc. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)  
(in thousands, except share data)

Assets	June 27, 2020	December 28, 2019
Current assets:		
Cash and cash equivalents	\$ 65,212	\$ 31,825
Billed receivables, net	131,255	131,041
Unbilled receivables, net	80,269	79,428
Prepaid expenses and other current assets	8,435	8,906
<b>Total current assets</b>	<b>285,171</b>	<b>251,200</b>
Property and equipment, net	29,404	25,733
Right-of-use lease assets, net	45,175	46,313
Intangible assets, net	191,126	255,961
Goodwill	343,170	309,216
Other assets	3,069	4,714
<b>Total assets</b>	<b>\$ 897,115</b>	<b>\$ 893,137</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 36,741	\$ 36,116
Accrued liabilities	49,797	47,432
Income taxes payable	613	—
Billings in excess of costs and estimated earnings on uncompleted contracts	8,544	3,303
Client deposits	286	221
Current portion of contingent consideration	1,079	1,954
Current portion of notes payable and other obligations	22,176	25,332
<b>Total current liabilities</b>	<b>119,236</b>	<b>114,358</b>
Contingent consideration, less current portion	1,733	2,048
Other long-term liabilities	37,181	34,573
Notes payable and other obligations, less current portion	326,020	332,854
Deferred income tax liabilities, net	40,575	53,341
<b>Total liabilities</b>	<b>524,745</b>	<b>537,174</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 45,000,000 shares authorized, 13,033,842 and 12,852,357 shares issued and outstanding as of June 27, 2020 and December 28, 2019, respectively	130	129
Additional paid-in capital	258,902	251,187
Retained earnings	113,338	104,647
<b>Total stockholders' equity</b>	<b>372,370</b>	<b>355,963</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 897,115</b>	<b>\$ 893,137</b>

*See accompanying notes to consolidated financial statements (unaudited).*

NV5 Global, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME  
(UNAUDITED)  
(in thousands, except share data)

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Gross revenues</b>	\$ 162,689	\$ 127,974	\$ 328,169	\$ 245,309
<b>Direct costs:</b>				
Salaries and wages	45,079	38,080	90,114	73,337
Sub-consultant services	25,244	20,044	52,670	36,996
Other direct costs	8,914	8,410	17,402	18,106
Total direct costs	79,237	66,534	160,186	128,439
<b>Gross Profit</b>	83,452	61,440	167,983	116,870
<b>Operating Expenses:</b>				
Salaries and wages, payroll taxes and benefits	44,149	30,765	89,706	60,004
General and administrative	11,824	10,896	24,980	19,758
Facilities and facilities related	5,357	3,937	10,754	7,743
Depreciation and amortization	11,160	6,245	22,200	12,357
Total operating expenses	72,490	51,843	147,640	99,862
<b>Income from operations</b>	10,962	9,597	20,343	17,008
<b>Interest expense</b>	(4,403)	(457)	(8,190)	(808)
Income before income tax expense	6,559	9,140	12,153	16,200
Income tax expense	(2,056)	(346)	(3,462)	(1,863)
<b>Net Income and Comprehensive Income</b>	<u>\$ 4,503</u>	<u>\$ 8,794</u>	<u>\$ 8,691</u>	<u>\$ 14,337</u>
<b>Earnings per share:</b>				
Basic	\$ 0.37	\$ 0.73	\$ 0.71	\$ 1.19
Diluted	\$ 0.36	\$ 0.70	\$ 0.69	\$ 1.15
<b>Weighted average common shares outstanding:</b>				
Basic	12,308,965	12,106,066	12,271,221	12,033,906
Diluted	12,609,918	12,521,463	12,601,830	12,447,248

*See accompanying notes to consolidated financial statements (unaudited).*

NV5 Global, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(UNAUDITED)  
(in thousands, except share data)

	Three Months Ended				
	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
<b>Balance, March 30, 2019</b>	12,565,115	\$ 126	\$ 239,611	\$ 86,434	\$ 326,171
Stock compensation	—	—	2,369	—	2,369
Restricted stock issuance, net	66,874	1	(1)	—	—
Stock issuance for acquisitions	25,852	—	1,667	—	1,667
Payment of contingent consideration with common stock	—	—	—	—	—
Net income	—	—	—	8,794	8,794
<b>Balance, June 29, 2019</b>	<b>12,657,841</b>	<b>\$ 127</b>	<b>\$ 243,646</b>	<b>\$ 95,228</b>	<b>\$ 339,001</b>
<b>Balance, March 28, 2020</b>	<b>12,874,424</b>	<b>\$ 129</b>	<b>\$ 255,402</b>	<b>\$ 108,835</b>	<b>\$ 364,366</b>
Stock compensation	—	—	3,501	—	3,501
Restricted stock issuance, net	159,418	1	(1)	—	—
Stock issuance for acquisitions	—	—	—	—	—
Payment of contingent consideration with common stock	—	—	—	—	—
Net income	—	—	—	4,503	4,503
<b>Balance, June 27, 2020</b>	<b>13,033,842</b>	<b>\$ 130</b>	<b>\$ 258,902</b>	<b>\$ 113,338</b>	<b>\$ 372,370</b>

	Six Months Ended				
	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
<b>Balance, December 29, 2018</b>	12,550,711	\$ 126	\$ 236,525	\$ 80,891	\$ 317,542
Stock compensation	—	—	4,167	—	4,167
Restricted stock issuance, net	60,124	1	(1)	—	—
Stock issuance for acquisitions	35,821	—	2,230	—	2,230
Payment of contingent consideration with common stock	11,185	—	725	—	725
Net income	—	—	—	14,337	14,337
<b>Balance, June 29, 2019</b>	<b>12,657,841</b>	<b>\$ 127</b>	<b>\$ 243,646</b>	<b>\$ 95,228</b>	<b>\$ 339,001</b>
<b>Balance, December 28, 2019</b>	<b>12,852,357</b>	<b>\$ 129</b>	<b>\$ 251,187</b>	<b>\$ 104,647</b>	<b>\$ 355,963</b>
Stock compensation	—	—	6,880	—	6,880
Restricted stock issuance, net	163,835	1	(1)	—	—
Stock issuance for acquisitions	12,406	—	558	—	558
Payment of contingent consideration with common stock	5,244	—	278	—	278
Net income	—	—	—	8,691	8,691
<b>Balance, June 27, 2020</b>	<b>13,033,842</b>	<b>\$ 130</b>	<b>\$ 258,902</b>	<b>\$ 113,338</b>	<b>\$ 372,370</b>

*See accompanying notes to consolidated financial statements (unaudited).*

NV5 Global, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(in thousands)

	Six Months Ended	
	June 27, 2020	June 29, 2019
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 8,691	\$ 14,337
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,277	12,357
Non-cash lease expense	4,307	4,251
Provision for doubtful accounts	1,690	1,456
Stock-based compensation	6,880	4,167
Change in fair value of contingent consideration	—	49
Gain on disposals of property and equipment	(350)	(48)
Deferred income taxes	(869)	477
Amortization of debt issuance costs	442	—
Changes in operating assets and liabilities, net of impact of acquisitions:		
Billed receivables	(1,134)	5,511
Unbilled receivables	(2,286)	(5,188)
Prepaid expenses and other assets	2,117	(9,413)
Accounts payable	138	(3,816)
Accrued liabilities	1,922	968
Income taxes payable	613	(2,338)
Billings in excess of costs and estimated earnings on uncompleted contracts	5,241	(5,383)
Deposits	66	47
Net cash provided by operating activities	50,745	17,434
<b>Cash Flows From Investing Activities:</b>		
Cash paid for acquisitions (net of cash received from acquisitions)	—	(14,160)
Proceeds from sale of assets	437	—
Purchase of property and equipment	(6,145)	(1,626)
Net cash used in investing activities	(5,708)	(15,786)
<b>Cash Flows From Financing Activities:</b>		
Borrowings from Senior Credit Facility	—	10,000
Payments on notes payable	(8,415)	(6,738)
Payments of contingent consideration	(913)	(1,213)
Payments of borrowings from Senior Credit Facility	(1,875)	—
Payments of debt issuance costs	(447)	—
Net cash (used in) provided by financing activities	(11,650)	2,049
<b>Net increase in Cash and Cash Equivalents</b>	<b>33,387</b>	<b>3,697</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>31,825</b>	<b>40,739</b>
<b>Cash and cash equivalents – end of period</b>	<b>\$ 65,212</b>	<b>\$ 44,436</b>

*See accompanying notes to consolidated financial statements (unaudited).*

NV5 Global, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(in thousands)

	Six Months Ended	
	June 27, 2020	June 29, 2019
<b>Non-cash investing and financing activities:</b>		
Notes payable and other obligations issued for acquisitions	\$ —	\$ 8,100
Stock issuance for acquisitions	\$ 558	\$ 2,230
Finance leases	\$ 409	\$ 690
Payment of contingent consideration with common stock	\$ 278	\$ 725

*See accompanying notes to consolidated financial statements (unaudited).*



NV5 Global, Inc. and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
(in thousands, except share data)

**Note 1 - Organization and Nature of Business Operations**

*Business*

NV5 Global, Inc. and its subsidiaries (collectively, the “Company,” “NV5 Global”) is a provider of professional and technical engineering and consulting solutions to public and private sector clients in the infrastructure, utility services, construction, real estate, and environmental markets, operating nationwide and abroad. The Company’s clients include the U.S. federal, state and local governments, and the private sector. NV5 Global provides a wide range of services, including, but not limited to:

- Infrastructure, engineering and support
- Construction quality assurance, testing and inspection
- Program management
- Utility services
- Environmental
- Planning
- Design
- Consulting
- Geospatial solutions
- Management oversight
- Permitting
- Inspection and field supervision
- Testing inspection and certification
- Forensic engineering
- Litigation support
- Condition assessment
- Compliance certification

*Impact of COVID-19 on Our Business*

The COVID-19 pandemic has significantly impacted global stock markets and economies. The Company is closely monitoring the impact of the outbreak of COVID-19 on all aspects of its business, including how it will impact the Company’s customers and employees. While COVID-19 did not have a material adverse effect on the Company’s reported results for the first half of the fiscal year, the Company is unable to predict the ultimate impact that it may have on its business, future results of operations, financial position, or cash flows. The extent to which the Company’s operations may be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. The Company intends to continue to monitor the impact of COVID-19 pandemic on its business closely.

**Note 2 - Summary of Significant Accounting Policies**

*Basis of Presentation and Principles of Consolidation*

The consolidated financial statements of the Company are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for reporting of interim financial information. Pursuant to such rules and regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

In the opinion of management, the accompanying unaudited interim consolidated financial statements of the Company contain all adjustments necessary to present fairly the financial position and results of operations of the Company as of the dates and for the periods presented. Accordingly, these statements should be read in conjunction with the consolidated financial statements and notes contained in the Company’s Annual Report on Form 10-K for the year ended December 28, 2019 (the “2019 Form 10-K”). The results of operations and cash flows for the interim periods presented are not necessarily indicative of the results to be expected for any future interim period or for the full 2020 fiscal year.

NV5 Global, Inc. and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### *Performance Obligations*

To determine the proper revenue recognition method, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. The majority of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services that is not separately identifiable from other promises in the contracts and therefore, is not distinct.

The Company's performance obligations are satisfied as work progresses or at a point in time. Revenue on the Company's 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 depicts the transfer of control to the customer. Contract costs include labor, sub-consultant services, 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 June 27, 2020, the Company had \$593,322 of remaining performance obligations, of which \$472,087 is expected to be recognized over the next 12 months and the majority of the balance over the next 24 months. Contracts for which work authorizations have been received are included in performance obligations. Most of the Company's government contracts are multi-year contracts for which funding is appropriated on an annual basis, therefore performance obligations include only those amounts that have been funded and authorized and does not reflect the full amounts the Company may receive over the term of such contracts. In the case of non-government contracts and project awards, performance obligations include future revenue at contract or customary rates, excluding contract renewals or extensions that are at the discretion of the client. For contracts with a not-to-exceed maximum amount, the Company includes revenue from such contracts in performance obligations to the extent of the remaining estimated amount.

### *Contract Balances*

The timing of revenue recognition, billings and cash collections results in billed receivables, unbilled receivables (contract assets), and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the Consolidated Balance Sheet. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized on these contracts as of the reporting date. This liability is generally classified as current. Revenue recognized that was included in the contract liability balance at the beginning of the fiscal year was \$272 and \$3,039 for the three and six months ended June 27, 2020.

There have been no material changes, other than those related to the adopted new accounting standards below, in the Company's significant accounting policies described in the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 28, 2019.

### ***Recently Adopted Accounting Pronouncements***

#### *Goodwill and Intangible Assets*

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). This ASU eliminates Step 2 of the goodwill impairment test and simplifies how the amount of an impairment loss is determined. The update is effective for public companies in the beginning of fiscal year 2020 and shall be applied on a prospective basis. The Company adopted this ASU at the beginning of fiscal year 2020. The Company has determined there were no changes to its financial statements as a result of the adoption.

Goodwill is the excess of consideration paid for an acquired entity over the amounts assigned to assets acquired, including other identifiable intangible assets and liabilities assumed in a business combination. To determine the amount of goodwill resulting from a business combination, the Company performs an assessment to determine the acquisition date fair value of the acquired company's tangible and identifiable intangible assets and liabilities.

Goodwill is required to be evaluated for impairment on an annual basis or whenever events or changes in circumstances indicate the asset may be impaired. An entity has the option to first assess qualitative factors to determine whether the existence of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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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 the entity determines that this threshold is met, then the Company may apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The Company determines fair value through multiple valuation techniques, and weights the results accordingly. NV5 Global is required to 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 its reporting units. The Company has elected to perform its annual goodwill impairment review on August 1 of each year. The Company conducts its annual impairment tests on the goodwill using the quantitative method of evaluating goodwill.

Identifiable intangible assets primarily include customer backlog, customer relationships, trade names, non-compete agreements, and developed technology. Amortizable intangible assets are amortized on a straight-line basis over their estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the assets may be impaired. If an indicator of impairment exists, the Company compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then impairment, if any, is measured as the difference between fair value and carrying value, with fair value typically based on a discounted cash flow model. There were no indicators, events or changes in circumstances that would indicate intangible assets were impaired during the six months ended June 27, 2020.

On August 1, 2019, the Company conducted its annual impairment tests using the quantitative method of evaluating goodwill. Based on the quantitative analyses the Company determined the fair value of each of the reporting units exceeded its carrying value. Therefore, the goodwill was not impaired and the Company did not recognize an impairment charge relating to goodwill as of August 1, 2019. Furthermore, there were no indicators, events or changes in circumstances that would indicate goodwill was impaired during the period from August 2, 2019 through June 27, 2020.

See Note 7, *Goodwill and Intangible Assets*, for further information on goodwill and identified intangibles.

#### *Financial Instruments*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"). This ASU introduces a new accounting model, the Current Expected Credit Losses model ("CECL"), which could result in earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model requires the Company to use a forward-looking expected credit loss impairment methodology for the recognition of credit losses for financial instruments at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. This model replaces the multiple existing impairment models in current GAAP, which generally require that a loss be incurred before it is recognized. The new standard also applies to receivables arising from revenue transactions such as contract assets and accounts receivable and is effective for fiscal years beginning after December 15, 2019. The Company adopted this ASU at the beginning of fiscal year 2020. The standard was applied prospectively and did not materially impact the consolidated financial statements.

#### **Note 3 – Earnings per Share**

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. The effect of potentially dilutive securities is not considered during periods of loss or if the effect is anti-dilutive.

The weighted average number of shares outstanding in calculating basic earnings per share for the six months ended June 27, 2020 and June 29, 2019 exclude 612,827 and 480,694 non-vested restricted shares, respectively. During the three and six months ended June 27, 2020, there were 180,554 and 177,029 weighted average securities which are not included in the calculation of diluted weighted average shares outstanding because their impact is anti-dilutive. There were no potentially anti-dilutive securities during the three and six months ended June 29, 2019.

NV5 Global, Inc. and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
(in thousands, except share data)

The following table represents a reconciliation of the net income and weighted average shares outstanding for the calculation of basic and diluted earnings per share:

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Numerator:</b>				
Net income – basic and diluted	\$ 4,503	\$ 8,794	\$ 8,691	\$ 14,337
<b>Denominator:</b>				
Basic weighted average shares outstanding	12,308,965	12,106,066	12,271,221	12,033,906
Effect of dilutive non-vested restricted shares and units	245,282	351,110	271,618	334,029
Effect of issuable shares related to acquisitions	55,671	64,287	58,991	79,313
Diluted weighted average shares outstanding	12,609,918	12,521,463	12,601,830	12,447,248

#### Note 4 – Business Acquisitions

##### 2019 Acquisitions

On December 20, 2019 (the "Closing Date"), the Company acquired all of the outstanding equity interests in Geospatial Holdings, Inc. and its subsidiaries, including Quantum Spatial, Inc. (collectively "QSI"), a full-service geospatial solutions provider serving the North American market. QSI provides data solutions to public and private sector clients that need geospatial intelligence to mitigate risk, plan for growth, better manage resources, and advance scientific understanding. NV5 Global acquired QSI in an all-cash transaction for \$318,428, which includes excess working capital of \$9,034 and closing date cash of \$6,894. The purchase price and other related costs associated with the transaction were financed through the Company's amended and restated credit agreement (the "A&R Credit Agreement") with Bank of America, N.A. and the other lenders party thereto. Pursuant to the A&R Credit Agreement, the lenders provided term commitments of \$150,000 in the aggregate in a single draw on the Closing Date and revolving commitments totaling \$215,000. See Note 9, *Notes Payable and Other Obligations*, for further detail on the A&R Credit Agreement. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for QSI, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values. The final determination of the fair value of certain assets and liabilities will be completed within the one-year measurement period as required by ASC Topic 805, *Business Combinations* ("ASC 805"). The QSI acquisition will necessitate the use of this measurement period to adequately analyze and assess a number of the factors used in establishing the asset and liability fair values as of the acquisition date, including intangible assets, accounts receivable, and certain fixed assets. See Note 7, *Goodwill and Intangible Assets*, for further information on fair value adjustments of tangible and intangible assets acquired and liabilities assumed.

On November 8, 2019, the Company acquired from GHD Services, Inc. ("GHD") its assets related to the business for forensics and insurance. The GHD forensics and insurance business provides engineering and environmental claim services for insurance companies, law firms, and litigation support. The Company acquired GHD for a cash purchase price up to \$8,300. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for GHD, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values. The final determination of the fair value of certain assets and liabilities will be completed within the one-year measurement period as required by ASC 805. The GHD acquisition will necessitate the use of this measurement period to adequately analyze and assess a number of the factors used in establishing the asset and liability fair values as of the acquisition date, including accounts receivable.

On July 2, 2019, the Company acquired all of the outstanding equity interests in WHPacific, Inc. ("WHPacific"), a provider of design engineering and surveying services serving Washington, Oregon, Idaho, New Mexico, Arizona and California for a cash purchase price of \$9,000. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for WHPacific, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values.

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On July 1, 2019, the Company acquired all of the outstanding equity interests in GeoDesign, Inc. ("GeoDesign"), a geotechnical, environmental, geological, mining and pavement engineering company serving Washington, Oregon, and California. The aggregate purchase price was \$11,245, including \$8,247 of cash, \$2,000 in promissory note (bearing interest at 4.0%), payable in four equal installments of \$500 due on the first, second, third, and fourth anniversaries of July 1, 2019, and \$375 of the Company's common stock (4,731 shares) issued at the closing date. The purchase price also includes \$425 of the Company's common stock payable on the first and second anniversaries of July 1, 2019. Further, the purchase price includes a \$1,500 earn-out of cash, which was recorded at the estimated fair value of \$198. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for GeoDesign, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values.

On June 3, 2019, the Company acquired all of the outstanding equity interests in Alta Environmental, L.P. ("Alta"), a consulting firm specializing in air quality, environmental building sciences, water resources, site assessment and remediation as well as environmental health and safety compliance services. The aggregate purchase price was \$6,323, including \$4,000 of cash and \$2,000 in promissory note (bearing interest at 4.0%), payable in 4 equal installments of \$500 due on the first, second, third, and fourth anniversaries of June 3, 2019. Further, the purchase price includes a \$500 earn-out of cash, which was recorded at an estimated fair value of \$323. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for Alta, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values.

On June 3, 2019, the Company acquired all of the outstanding equity interests in Page One Consultants ("Page One"), a program management and construction quality assurance firm based in Orlando, Florida. The aggregate purchase price was \$3,995, including \$2,293 of cash, \$1,000 in promissory note (bearing interest at 3.0%), payable in three equal installments of \$333 due on the first, second, and third anniversaries of June 3, 2019, and \$200 of the Company's common stock (2,647 shares) issued at the closing date. The purchase price also includes \$200 of the Company's common stock payable on the first anniversary date of June 3, 2019. Further, the purchase price includes a \$500 earn-out of cash and stock, which was recorded at an estimated fair value of \$302. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for Page One, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values.

On March 22, 2019, the Company acquired all of the outstanding equity interests in the Sextant Group, Inc. ("The Sextant Group"), a national leading provider of audiovisual, information and communications technology, acoustics consulting, and design services headquartered in Pittsburgh, PA. The Sextant Group provides services throughout the U.S. and is well-known for creating integrated technology solutions for a wide range of public and private sector clients. The aggregate purchase price was \$10,501, including \$6,501 of cash and \$4,000 in promissory note (bearing interest at 4.0%), payable in 4 equal installments of \$1,000 due on the first, second, third, and fourth anniversaries of March 22, 2019. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for The Sextant Group, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values.

On December 31, 2018, the Company acquired certain assets of Celtic Energy, Inc. ("Celtic"), a nationally recognized energy efficiency consulting firm that specialized in energy efficiency project management and oversight. The aggregate purchase price was \$1,881, including \$1,000 in cash, \$300 in promissory note (bearing interest at 3.0%), payable in three equal installments of \$100 on the first, second, and third anniversaries of December 31, 2018, and \$200 of the Company's common stock (3,227 shares) issued at the closing date. The purchase price also includes \$200 of the Company's common stock payable on the first anniversary December 31, 2018. Further, the purchase price includes a \$200 earn-out of cash, which was recorded at an estimated fair value of \$181. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for Celtic, the Company performed a purchase price allocation.

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The following table summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date for the acquisitions closed during 2019:

	2019		
	QSI	Other	Total
Cash	\$ 6,894	\$ 75	\$ 6,969
Billed and unbilled receivables, net	42,523	20,064	62,587
Right-of-use assets	6,131	—	6,131
Property and equipment	16,146	2,163	18,309
Prepaid expenses	2,612	997	3,609
Other assets	1,317	1,048	2,365
Intangible assets:			
Customer relationships	71,252	10,423	81,675
Trade name	4,234	1,365	5,599
Customer backlog	7,636	1,363	8,999
Developed technology	32,944	—	32,944
Other	—	814	814
Total Assets	\$ 191,689	\$ 38,312	\$ 230,001
Liabilities	(23,698)	(8,373)	(32,071)
Deferred tax liabilities	(27,476)	(3,629)	(31,105)
Net assets acquired	\$ 140,515	\$ 26,310	\$ 166,825
Consideration paid (Cash, Notes and/or stock)	\$ 318,428	\$ 50,447	\$ 368,875
Contingent earn-out liability (Cash and stock)	—	1,004	1,004
Total Consideration	\$ 318,428	\$ 51,451	\$ 369,879
Excess consideration over the amounts assigned to the net assets acquired (Goodwill)	\$ 177,913	\$ 25,141	\$ 203,054

Goodwill was recorded based on the amount by which the purchase price exceeded the fair value of the net assets acquired and the amount is attributable to the reputation of the business acquired, the workforce in place and the synergies to be achieved from these acquisitions. See Note 7, *Goodwill and Intangible Assets*, for further information on fair value adjustments to goodwill and identified intangibles.

The consolidated financial statements of the Company for the three and six months ended June 29, 2019 include the results of operations from any business acquired from their respective dates of acquisition during each of the respective period as follows:

	Three Months Ended	Six Months Ended
	June 29, 2019	June 29, 2019
Gross revenues	\$ 4,926	\$ 5,692
Income before income taxes	\$ 891	\$ 939

The following table presents the unaudited, pro forma consolidated results of operations (in thousands, except per share amounts) for the three and six months June 29, 2019 as if the acquisitions of The Sextant Group, Page One, Alta, WHPacific, GeoDesign, GHD, and QSI had occurred at the beginning of fiscal year 2019. The pro forma information provided below is compiled from the pre-acquisition financial information of The Sextant Group, Page One, Alta, WHPacific, GeoDesign, GHD, and QSI and includes pro forma adjustments for amortization expense, adjustments to certain expenses, and the income tax impact of these adjustments. The pro forma results are not necessarily indicative of (i) the results of operations that would have

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occurred had the operations of these acquisitions actually been acquired at the beginning of fiscal year 2019 or (ii) future results of operations:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 29, 2019</b>		<b>June 29, 2019</b>	
Gross revenues	\$	174,920	\$	340,326
Net income	\$	8,446	\$	12,194
Basic earnings per share	\$	0.70	\$	1.01
Diluted earnings per share	\$	0.67	\$	0.97

**Note 5 – Billed and Unbilled Receivables**

Billed and Unbilled Receivables consists of the following:

	<b>June 27, 2020</b>		<b>December 28, 2019</b>	
	Billed receivables	\$	136,113	\$
Less: allowance for doubtful accounts		(4,858)		(3,860)
Billed receivables, net	\$	131,255	\$	131,041
Unbilled receivables	\$	81,907	\$	80,639
Less: allowance for doubtful accounts		(1,638)		(1,211)
Unbilled receivables, net	\$	80,269	\$	79,428

**Note 6 – Property and Equipment, net**

Property and equipment, net, consists of the following:

	<b>June 27, 2020</b>		<b>December 28, 2019</b>	
	Office furniture and equipment	\$	3,970	\$
Computer equipment		14,495		10,704
Survey and field equipment		25,875		24,165
Leasehold improvements		6,605		6,266
Total		50,945		45,333
Less: accumulated depreciation		(21,541)		(19,600)
Property and equipment, net	\$	29,404	\$	25,733

Depreciation expense was \$2,725 and \$5,426 for the three and six months ended June 27, 2020, respectively, of which \$1,077 and \$2,179 was included in other direct costs for the three and six months ended June 27, 2020, respectively. Depreciation expense was \$1,161 and \$2,274 for the three and six months ended June 29, 2019, respectively.

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**Note 7 – Goodwill and Intangible Assets**
*Goodwill*

As discussed in Note 14, *Reportable Segments*, the Company's chief operating decision maker ("CODM"), re-evaluated the structure of the Company's internal organization as a result of the 2019 acquisition of QSI, which resulted in certain changes to the Company's operating and reportable segments. Effective the beginning of fiscal year 2020, the goodwill of QSI was reallocated from the Company's INF reportable segment to the Company's new GEO reportable segment. The changes in the carrying value by reportable segment for the six months ended June 27, 2020 were as follows:

	Six Months Ended		
	December 28, 2019	Adjustments	June 27, 2020
INF	\$ 231,255	\$ (144,408)	\$ 86,847
BTS	77,961	449	78,410
GEO	—	177,913	177,913
Total	<u>\$ 309,216</u>	<u>\$ 33,954</u>	<u>\$ 343,170</u>

Goodwill of approximately \$5,712 from acquisitions during the six months ended June 29, 2019 is expected to be deductible for income tax purposes. During the six months ended June 27, 2020, the Company recorded purchase price allocation adjustments of \$32,553, \$527, \$420, and \$30 that increased goodwill for the acquisitions of QSI, WHP, The Sextant Group, and Alta, respectively, and a working capital adjustment of \$424 for QSI which was recorded as an increase to goodwill and the purchase price paid for the acquisition. The \$32,553 increase to goodwill related to the QSI acquisition included a decrease to the fair value of the trade name of \$54,313, which was partially offset by increases to the fair value of customer relationships, customer backlog, and property and equipment of \$6,543, \$801, and \$2,520, respectively, and a decrease to deferred tax liabilities of \$11,896.

*Intangible Assets*

Intangible assets, net, as of June 27, 2020 and December 28, 2019 consist of the following:

	June 27, 2020			December 28, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
<b>Finite-lived intangible assets:</b>						
Customer relationships <sup>(1)</sup>	\$ 182,631	\$ (37,865)	\$ 144,766	\$ 176,088	\$ (29,198)	\$ 146,890
Trade name <sup>(2)</sup>	14,486	(10,446)	4,040	10,253	(8,593)	1,660
Customer backlog <sup>(3)</sup>	24,999	(16,442)	8,557	24,198	(12,435)	11,763
Non-compete <sup>(4)</sup>	9,369	(6,077)	3,292	9,369	(5,105)	4,264
Developed technology <sup>(5)</sup>	32,944	(2,473)	30,471	32,944	\$ (106)	\$ 32,838
Total finite-lived intangible assets	264,429	(73,303)	191,126	252,851	(55,436)	197,415
<b>Indefinite-lived intangible assets:</b>						
QSI trade name	—	—	—	58,546	—	58,546
Total indefinite-lived intangible assets	—	—	—	58,546	—	58,546
<b>Total intangible assets</b>	<u>\$ 264,429</u>	<u>\$ (73,303)</u>	<u>\$ 191,126</u>	<u>\$ 311,397</u>	<u>\$ (55,436)</u>	<u>\$ 255,961</u>

<sup>(1)</sup> Amortized on a straight-line basis over estimated lives (1 to 12 years)

<sup>(2)</sup> Amortized on a straight-line basis over their estimated lives (1 to 3 years)



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- (3) Amortized on a straight-line basis over their estimated lives (1 to 5 years)  
(4) Amortized on a straight-line basis over their contractual lives (2 to 5 years)  
(5) Amortized on a straight-line basis over their estimated lives (5 to 7 years)

During the six months ended June 27, 2020, the Company adjusted the QSI purchase price allocation reported at December 28, 2019 to account for updates to assumptions and estimates related to the fair value of the trade name, customer relationships, and customer backlog. As a result, the Company determined the QSI trade name is a finite-lived asset that will be amortized over a two-year period and the fair value was decreased by \$54,313. Additionally, the fair value of customer relationships and customer backlog increased \$6,543 and \$801, respectively. These changes resulted in a corresponding adjustment to deferred tax liabilities of \$11,896. If the adjustments had been recognized as of the acquisition date the Company would have recognized incremental amortization expense of \$790 during the three months ended March 28, 2020. Amortization expense was \$9,512 and \$17,851 for the three and six months ended June 27, 2020, respectively, and \$5,083 and \$10,083 for the three and six months ended June 29, 2019, respectively.

**Note 8 – Accrued Liabilities**

Accrued liabilities consist of the following:

	June 27, 2020	December 28, 2019
Current portion of lease liability	\$ 13,176	\$ 13,108
Accrued vacation	12,921	10,048
Payroll and related taxes	11,683	12,146
Benefits	3,320	4,637
Unrecognized tax benefits	887	887
Professional liability reserve	1,060	1,083
Other	6,750	5,523
Total	<u>\$ 49,797</u>	<u>\$ 47,432</u>

**Note 9 – Notes Payable and Other Obligations**

Notes payable and other obligations consists of the following:

	June 27, 2020	December 28, 2019
Senior credit facility	\$ 318,582	\$ 320,457
Uncollateralized promissory notes	28,934	36,217
Finance leases	2,628	2,707
Other obligations	2,136	2,884
Debt issuance costs, net of amortization	(4,084)	(4,078)
Total notes payable and other obligations	348,196	358,187
Current portion of notes payable and other obligations	(22,176)	(25,332)
Notes payable and other obligations, less current portion	<u>\$ 326,020</u>	<u>\$ 332,854</u>

As of June 27, 2020 and December 28, 2019, the carrying amount of debt obligations approximates their fair values based on Level 2 inputs as the terms are comparable to terms currently offered by local lending institutions for arrangements with similar terms to industry peers with comparable credit characteristics.

*Senior Credit Facility*

On December 20, 2019 (the "Closing Date"), the Company amended and restated its Credit Agreement (the "A&R Credit Agreement"), dated December 7, 2016, as amended on December 20, 2018, with Bank of America, N.A. ("Bank of America"), as administrative agent, swingline lender and letter of credit issuer, the other lenders party thereto, and certain of the Company's subsidiaries as guarantors. Pursuant to the A&R Credit Agreement, the lenders provided term commitments of \$150.0 million in

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the aggregate in a single draw on the Closing Date to fund the acquisition of QSI and various costs and expenses relating thereto and revolving commitments totaling \$215.0 million in the aggregate. The revolving commitment is available through December 20, 2024 (the "Maturity Date"), at which time the term commitments and revolving commitments will be due and payable in full. An aggregate amount of \$320.5 million was drawn under the A&R Credit Agreement on the Closing Date to fund the QSI acquisition and repay previously existing borrowings. Borrowings under the A&R Credit Agreement are secured by a first priority lien on substantially all of the assets of the Company. The A&R Credit Agreement also includes an accordion feature permitting the Company to request an increase in either the term facility or the revolver facility under the A&R Credit Agreement by an additional amount of up to \$100.0 million in the aggregate.

Borrowings under the term facility amortize at the rate of 5.0% per annum for the first two years of the facility and thereafter at the rate of 7.5% per annum until the Maturity Date.

On May 5, 2020 (the "Amendment Closing Date"), in response to the COVID-19 pandemic, the Company entered into an amendment to the A&R Credit Agreement (the "Amended A&R Credit Agreement") to amend the financial covenants that requires NV5 Global to maintain a consolidated leverage ratio (the ratio of the Company's pro forma consolidated funded indebtedness to the Company's pro forma consolidated EBITDA for the most recently completed measurement period). The amended consolidated leverage ratio requirements are as follows:

<u>Measurement Period Ending</u>	<u>Maximum Consolidated Leverage Ratio</u>
Amendment Closing Date through June 27, 2020	4.50 to 1.00
June 28, 2020 through October 3, 2020	5.00 to 1.00
October 4, 2020 through January 2, 2021	5.25 to 1.00
January 3, 2021 and April 3, 2021	4.75 to 1.00
April 4, 2021 and July 3, 2021	4.00 to 1.00
July 4, 2021 and thereafter	3.50 to 1.00

These financial covenants also require the Company to maintain a consolidated fixed charge coverage ratio of no less than 1.20 to 1.00 as of the end of any measurement period. As of June 27, 2020, the Company was in compliance with the financial covenants.

The Amended A&R Credit Agreement also amended pricing terms which remain variable and tied to a Eurocurrency rate equal to LIBOR (London Interbank Offered Rate) plus an applicable margin or a base rate denominated in U.S. dollars. Interest rates remain subject to change based on the Company's consolidated leverage ratio. As of June 27, 2020 the Company's interest rate was 4.8%.

The Amended A&R Credit Agreement contains covenants that may have the effect of limiting the Company's ability to, among other things, merge with or acquire other entities, enter into a transaction resulting in a Change in Control, create certain new liens, incur certain additional indebtedness, engage in certain transactions with affiliates, or engage in new lines of business or sell a substantial part of their assets. The Amended A&R Credit Agreement also contains customary events of default, including (but not limited to) a default in the payment of principal or, following an applicable grace period, interest, breaches of the Company's covenants or warranties under the Amended A&R Credit Agreement, payment default or acceleration of certain indebtedness, certain events of bankruptcy, insolvency or liquidation, certain judgments or uninsured losses, changes in control and certain liabilities related to ERISA based plans.

The Amended A&R Credit Agreement limits the payment of cash dividends (together with certain other payments that would constitute a "Restricted Payment" within the meaning of the Amended A&R Credit Agreement and generally including dividends, stock repurchases and certain other payments in respect to warrants, options, and other rights to acquire equity securities) to no more than \$10,000 in any fiscal year, so long as no default shall exist at the time of or arise as a result from such payment.

Total debt issuance costs incurred and capitalized in connection with the issuance of the Amended A&R Credit Agreement were \$4,123. Total amortization of debt issuance costs was \$222 and \$442 during the three and six months ended June 27, 2020.

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### *Other Obligations*

On July 1, 2019, the Company acquired GeoDesign. The purchase price allowed for the payment of \$425 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at its discretion, payable on the first and second anniversary of July 1, 2019. At June 27, 2020 and December 28, 2019, the outstanding balance of this obligation was \$382.

On June 3, 2019, the Company acquired Page One. The purchase price allowed for the payment of \$200 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at its discretion, payable on the first anniversary of June 3, 2019. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation was \$181.

On December 31, 2018, the Company acquired certain assets of Celtic. The purchase price allowed for the payment of \$200 in shares of the company's stock or a combination of cash and shares of the Company's stock, at its discretion, payable on the first anniversary of December 31, 2018. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation was \$181.

On November 2, 2018, the Company acquired CHI. The purchase price allowed for the payment of \$3,000 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at its discretion, payable in three equal annual installments. At June 27, 2020 and December 28, 2019, the outstanding balance of this obligation was \$1,754.

On February 2, 2018, the Company acquired CSA. The purchase price allowed for the payment of \$250 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at its discretion, payable in two equal annual installments. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation \$111.

On January 12, 2018, the Company acquired all of the outstanding equity interest in Butsko. The purchase price allowed for the payment of \$600 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at its discretion, payable in two equal annual installments. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation was \$267.

### *Uncollateralized Promissory Notes*

On July 1, 2019, the Company acquired GeoDesign. The purchase price included an uncollateralized \$2,000 promissory note bearing interest at 4.0% ("GeoDesign Note") and payable in four equal annual installments. The outstanding balance of the GeoDesign Note was \$1,500 and \$2,000 as of June 27, 2020 and December 28, 2019, respectively.

On June 3, 2019, the Company acquired Alta. The purchase price included an uncollateralized \$2,000 promissory note bearing interest at 4.0% ("Alta Note") and payable in four equal annual installments. The outstanding balance of the Alta Note was \$1,500 and \$2,000 as of June 27, 2020 and December 28, 2019, respectively.

On June 3, 2019, the Company acquired Page One. The purchase price included an uncollateralized \$1,000 promissory note bearing interest at 3.0% ("Page One Note") and payable in three equal annual installments. The outstanding balance of the Page One Note was \$700 and \$1,000 as of June 27, 2020 and December 28, 2019, respectively.

On March 22, 2019, the Company acquired The Sextant Group. The purchase price included an uncollateralized \$4,000 promissory note bearing interest at 4.0% ("The Sextant Group Note") and payable in four equal annual installments. The outstanding balance of The Sextant Group Note was \$3,000 and \$3,140 as of June 27, 2020 and December 28, 2019, respectively.

On December 31, 2018, the Company acquired certain assets of Celtic. The purchase price included an uncollateralized \$300 promissory note bearing interest at 3.0% (the "Celtic Note") payable in three equal annual installments. The outstanding balance of the Celtic Note was \$200 and \$300 as of June 27, 2020 and December 28, 2019, respectively.

On November 2, 2018, the Company acquired CHI. The purchase price included an uncollateralized \$15,000 promissory note bearing interest at 3.0% (the "CHI Note") payable in four equal annual installments. The outstanding balance of the CHI Note was \$11,250 as of June 27, 2020 and December 28, 2019.

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On August 24, 2018, the Company acquired CALYX. The purchase price included an uncollateralized \$4,000 promissory note bearing interest at 3.75% payable in four equal annual installments of \$1,000. The outstanding balance of the CALYX Note was \$3,000 as of June 27, 2020 and December 28, 2019.

On February 2, 2018, the Company acquired CSA. The purchase price included an uncollateralized \$600 promissory note bearing interest at 3.0% (the "CSA Note") payable in four equal annual installments of \$150. The outstanding balance of the CSA Note was \$300 and \$450 as of June 27, 2020 and December 28, 2019, respectively.

On January 12, 2018, the Company acquired all of the outstanding equity interest in Butsko. The purchase price included an uncollateralized \$1,000 promissory note bearing interest at 3.0% (the "Butsko Note") payable in four equal annual installments of \$250. The outstanding balance of the Butsko Note was \$500 and \$750 as of June 27, 2020 and December 28, 2019, respectively.

On September 6, 2017, the Company acquired all of the outstanding interests in Marron. The purchase price included an uncollateralized \$300 promissory note bearing interest at 3.0% (the "Marron Note") payable in three equal annual installments of \$100. The outstanding balance of the Marron Note was \$100 and June 27, 2020 and December 28, 2019.

On June 6, 2017, the Company acquired all of the outstanding equity interest in RDK. The purchase price included an uncollateralized \$5,500 promissory note bearing interest at 3.0% (the "RDK Note") payable in four equal annual installments of \$1,375. The outstanding balance of the RDK Note was \$1,375 and \$2,750 as of June 27, 2020 and December 28, 2019, respectively.

On May 4, 2017, the Company acquired all of the outstanding equity interest in H&K. The purchase price included an uncollateralized \$600 promissory note bearing interest at 3.0% (the "H&K Note") payable in four equal annual installments of \$150. The outstanding balance of the H&K Note was \$150 and \$300 as of June 27, 2020 and December 28, 2019, respectively.

On May 1, 2017, the Company acquired all of the outstanding equity interest in Lochrane. The purchase price included an uncollateralized \$1,650 promissory note bearing interest at 3.0% (the "Lochrane Note") payable in four equal annual installments of \$413. The outstanding balance of the Lochrane Note was \$413 and \$825 as of June 27, 2020 and December 28, 2019, respectively.

On December 6, 2016, the Company acquired all of the outstanding interests of CivilSource. The purchase price included an uncollateralized \$3,500 promissory note bearing interest at 3.0% (the "CivilSource Note") payable in four equal annual installments of \$875. The outstanding balance of the CivilSource Note was \$875 and \$1,502 as of June 27, 2020 and December 28, 2019, respectively.

On November 30, 2016, the Company acquired all of the outstanding interests of Hanna. The purchase price included an uncollateralized \$2,700 promissory note bearing interest at 3.0% (the "Hanna Note") payable in four equal annual installments of \$675. The outstanding balance of the Hanna Note was \$675 as of June 27, 2020 and December 28, 2019.

On October 26, 2016, the Company acquired all of the outstanding interests of JBA. The purchase price included an uncollateralized \$7,000 promissory note bearing interest at 3.0% (the "JBA Note") payable in five equal annual installments of \$1,400. The outstanding balance of the JBA Note was \$3,029 and \$4,163 as of June 27, 2020 and December 28, 2019, respectively.

On September 12, 2016, the Company acquired certain assets of Weir. The purchase price included an uncollateralized \$500 promissory note bearing interest at 3.0% (the "Weir Note") payable in four equal annual installments of \$125. The outstanding balance of the Weir Note was \$125 as of June 27, 2020 and December 28, 2019.

On May 20, 2016, the Company acquired all of the outstanding equity interests of Dade Moeller. The purchase price included an aggregate of \$6,000 of uncollateralized promissory notes bearing interest at 3.0% (the "Dade Moeller Notes") payable in four equal annual installments of \$1,500. There was no outstanding balance on the Dade Moeller Notes as of June 27, 2020. At December 28, 2019, the outstanding balance of the Dade Moeller Notes was \$1,497.

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**Note 10 – Contingent Consideration**

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

	June 27, 2020	December 28, 2019
Contingent consideration, beginning of the year	\$ 4,002	\$ 4,698
Additions for acquisitions	—	1,316
Reduction of liability for payments made	(1,190)	(1,938)
Decrease of liability related to re-measurement of fair value	—	(74)
<b>Total contingent consideration, end of the period</b>	<b>2,812</b>	<b>4,002</b>
Current portion of contingent consideration	(1,079)	(1,954)
<b>Contingent consideration, less current portion</b>	<b>\$ 1,733</b>	<b>\$ 2,048</b>

**Note 11 – Commitments and Contingencies***Litigation, Claims and Assessments*

The Company is subject to certain claims and lawsuits typically filed against the engineering, consulting and construction profession, alleging primarily professional errors or omissions. The Company carries professional liability insurance, subject to certain deductibles and policy limits, against such claims. However, in some actions, parties are seeking damages that exceed our insurance coverage or for which we are not insured. 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.

**Note 12 – Stock-Based Compensation**

In October 2011, our stockholders approved the 2011 Equity Incentive Plan, which was subsequently amended and restated in March 2013 (as amended, the “2011 Equity Plan”). The 2011 Equity Plan provides directors, executive officers, and other employees of the Company with additional incentives by allowing them to acquire ownership interest in the business and, as a result, encouraging them to contribute to the Company’s success. We may provide these incentives through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units, and other cash-based or stock-based awards. As of June 27, 2020, 1,073,194 shares of common stock are authorized and reserved for issuance under the 2011 Equity Plan. This reserve automatically increases on each January 1 from 2014 through 2023, by an amount equal to the smaller of (i) 3.5% of the number of shares issued and outstanding on the immediately preceding December 31, or (ii) an amount determined by our Board of Directors. The restricted shares of common stock granted generally provide for service-based vesting after two to four years following the grant date.

The following summarizes the activity of restricted stock awards during the six months ended June 27, 2020:

	Number of Unvested Restricted Shares of Common Stock and Restricted Stock Units	Weighted Average Grant Date Fair Value
<b>December 28, 2019</b>	652,677	\$ 58.20
Granted	175,978	\$ 42.00
Vested	(193,685)	\$ 49.00
Forfeited	(12,143)	\$ 63.00
<b>June 27, 2020</b>	<b>622,827</b>	<b>\$ 56.18</b>

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Stock-based compensation expense relating to restricted stock awards during the three and six months ended June 27, 2020 was \$3,501 and \$6,880, respectively, and \$2,369 and \$4,167 for the three and six months ended June 29, 2019, respectively. Approximately \$20,663 of deferred compensation, which is expected to be recognized over the remaining weighted average vesting period of 1.7 years, is unrecognized at June 27, 2020. The total fair value of restricted shares vested during the six months ended June 27, 2020 and June 29, 2019 was \$8,426 and \$13,649, respectively.

**Note 13 – Income Taxes**

As of June 27, 2020 and December 28, 2019, the Company had net deferred income tax liabilities of \$40,575 and \$53,341, respectively. Deferred income tax liabilities primarily relate to intangible assets and accounting basis adjustments where we have a future obligation for tax purposes.

The Company's effective income tax rate was 31.3% and 28.5% for the three and six months ended June 27, 2020, respectively, and 3.8% and 11.5% for the three and six months ended June 29, 2019, respectively. The difference between the effective income tax rate and the combined statutory federal and state income tax rate was primarily due to the recognition of tax expense from stock-based payments in the second quarter of 2020 and the recognition of tax benefits from stock-based payments in the second quarter of 2019.

The Company evaluates tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. The California Franchise Tax Board ("CFTB") challenged research and development tax credits generated for the years 2012 to 2014. Fiscal years 2012 through 2019 are considered open tax years in the State of California and 2016 through 2019 in the U.S. federal jurisdiction and other state and foreign jurisdictions. It is not expected that there will be a significant change in the unrecognized tax benefits within the next 12 months.

**Note 14 – Reportable Segments**

The Company reports segment information in accordance with ASC Topic No. 280 "*Segment Reporting*" ("Topic No. 280"). Effective the beginning of fiscal year 2020, the Company's Chief Executive Officer, who is the chief operating decision maker ("CODM"), re-evaluated the structure of the Company's internal organization as a result of the 2019 acquisition of QSI. To reflect management's revised perspective, the Company is now organized into three operating and reportable segments: Infrastructure ("INF"), which includes the Company's engineering, civil program management, utility services, and construction quality assurance practices; Building, Technology & Sciences ("BTS"), which includes the Company's environmental practices and buildings program management practices; and Geospatial Solutions ("GEO"), which includes the Company's geospatial solution practices. The GEO segment has been created in order to provide greater visibility regarding the operational and financial performance of QSI and of the Company as a whole. The GEO segment structure is consistent with how the Company plans and allocates resources, manages its business, and assesses its performance. There was no impact to the INF and BTS prior period segment financial results. The assets of QSI were reallocated from the Company's INF reportable segment to the Company's new GEO reportable segment.

The Company evaluates the performance of these reportable segments based on their respective operating income before the effect of amortization expense related to acquisitions and other unallocated corporate expenses. The Company accounts for inter-segment revenues and transfers as if the sales and transfers were to third parties. All intercompany balances and transactions are eliminated in consolidation.

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The following tables set forth summarized financial information concerning our reportable segments:

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Gross revenues</b>				
INF	\$ 89,366	\$ 83,547	\$ 174,841	\$ 161,319
BTS	37,166	45,372	80,690	85,646
GEO	38,233	—	76,193	—
Elimination of inter-segment revenues	(2,076)	(945)	(3,555)	(1,656)
Total gross revenues	\$ 162,689	\$ 127,974	\$ 328,169	\$ 245,309

**Segment income before taxes**

INF	\$ 15,797	\$ 14,691	\$ 29,137	\$ 27,265
BTS	5,409	7,499	10,828	13,416
GEO	6,145	—	13,758	—
Total Segment income before taxes	27,351	22,190	53,723	40,681
Corporate <sup>(1)</sup>	(20,792)	(13,050)	(41,570)	(24,481)
Total income before taxes	\$ 6,559	\$ 9,140	\$ 12,153	\$ 16,200

<sup>(1)</sup> Includes amortization of intangibles of \$9,512 and \$17,851 for the three and six months ended June 27, 2020, respectively, and \$5,083 and \$10,083 for the three and six months ended June 29, 2019, respectively.

	June 27, 2020	December 28, 2019
<b>Assets</b>		
INF	\$ 294,115	\$ 303,239
BTS	132,107	131,967
GEO	351,334	365,605
Corporate <sup>(1)</sup>	119,559	92,326
Total assets	\$ 897,115	\$ 893,137

<sup>(1)</sup> Corporate assets consist of intercompany eliminations and assets not allocated to segments including cash and cash equivalents and certain other assets.

Substantially all of the Company's assets are located in the United States.

Upon adoption of Topic 606, the Company disaggregates its gross revenues from contracts with customers by geographic location, customer-type and contract-type for each of our reportable segments. Disaggregated revenues include the elimination of inter-segment revenues which has been allocated to each segment. The Company believes this best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by economic factors. Gross revenue, classified by the major geographic areas in which the Company's customers were located, were as follows:

	Three Months Ended June 27, 2020				Six Months Ended June 27, 2020			
	INF	BTS	GEO	Total	INF	BTS	GEO	Total
United States	\$ 87,889	\$ 34,743	\$ 37,929	\$ 160,561	\$ 172,315	\$ 75,185	\$ 75,467	\$ 322,967
Foreign	—	1,898	230	2,128	—	4,567	635	5,202
Total gross revenues	\$ 87,889	\$ 36,641	\$ 38,159	\$ 162,689	\$ 172,315	\$ 79,752	\$ 76,102	\$ 328,169

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	Three Months Ended June 29, 2019				Six Months Ended June 29, 2019			
	INF	BTS	GEO	Total	INF	BTS	GEO	Total
United States	\$ 82,790	\$ 42,676	\$ —	\$ 125,466	\$ 160,062	\$ 80,013	\$ —	\$ 240,075
Foreign	—	2,508	—	2,508	—	5,234	—	5,234
Total gross revenues	\$ 82,790	\$ 45,184	\$ —	\$ 127,974	\$ 160,062	\$ 85,247	\$ —	\$ 245,309

Gross revenue by customer were as follows:

	Three Months Ended June 27, 2020				Six Months Ended June 27, 2020			
	INF	BTS	GEO	Total	INF	BTS	GEO	Total
Public and quasi-public sector	\$ 67,723	\$ 17,658	\$ 26,524	\$ 111,905	\$ 133,107	\$ 35,492	\$ 53,036	\$ 221,635
Private sector	20,166	18,983	11,635	50,784	39,208	44,260	23,066	106,534
Total gross revenues	\$ 87,889	\$ 36,641	\$ 38,159	\$ 162,689	\$ 172,315	\$ 79,752	\$ 76,102	\$ 328,169

	Three Months Ended June 29, 2019				Six Months Ended June 29, 2019			
	INF	BTS	GEO	Total	INF	BTS	GEO	Total
Public and quasi-public sector	\$ 72,415	\$ 17,404	\$ —	\$ 89,819	\$ 140,540	\$ 32,573	\$ —	\$ 173,113
Private sector	10,375	27,780	—	38,155	19,522	52,674	—	72,196
Total gross revenues	\$ 82,790	\$ 45,184	\$ —	\$ 127,974	\$ 160,062	\$ 85,247	\$ —	\$ 245,309

Gross revenues by contract type were as follows:

	Three Months Ended June 27, 2020				Six Months Ended June 27, 2020			
	INF	BTS	GEO	Total	INF	BTS	GEO	Total
Cost-reimbursable contracts	\$ 82,631	\$ 31,167	\$ 38,159	\$ 151,957	\$ 162,996	\$ 64,377	\$ 76,102	\$ 303,475
Fixed-unit price contracts	5,258	5,474	—	10,732	9,319	15,375	—	24,694
Total gross revenues	\$ 87,889	\$ 36,641	\$ 38,159	\$ 162,689	\$ 172,315	\$ 79,752	\$ 76,102	\$ 328,169

	Three Months Ended June 29, 2019				Six Months Ended June 29, 2019			
	INF	BTS	GEO	Total	INF	BTS	GEO	Total
Cost-reimbursable contracts	\$ 79,974	\$ 35,995	\$ —	\$ 115,969	\$ 155,740	\$ 68,139	\$ —	\$ 223,879
Fixed-unit price contracts	2,816	9,189	—	12,005	4,322	17,108	—	21,430
Total gross revenues	\$ 82,790	\$ 45,184	\$ —	\$ 127,974	\$ 160,062	\$ 85,247	\$ —	\$ 245,309



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**Note 15 – Leases**

The Company primarily leases property under operating leases and has five equipment operating leases for aircrafts used by the operations of QSI. The Company's property operating leases consist of various office facilities, which it leases from unrelated parties. The Company uses a portfolio approach to account for such leases due to the similarities in characteristics and apply an incremental borrowing rate based on estimates of rates the Company would pay for senior collateralized loans over a similar term. The Company's office leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company accounts for lease components (e.g. fixed payments including rent, real estate taxes and common area maintenance costs) as a single lease component. Some of the Company's leases include one or more options to renew the lease term at its sole discretion; however, these are not included in the calculation of its lease liability or ROU lease asset because they are not reasonably certain of exercise.

The Company also leases vehicles through a fleet leasing program. The payments for the vehicles are based on the terms selected. The Company has determined that it is reasonably certain that the leased vehicles will be held beyond the period in which the entire capitalized value of the vehicle has been paid to the lessor. As such, the capitalized value is the delivered price of the vehicle. The Company's vehicle leases are classified as financing leases.

Supplemental balance sheet information related to the Company's operating and finance leases is as follows:

Leases	Classification	June 27, 2020	December 28, 2019
<b>Assets</b>			
Operating lease assets	Right-of-use lease asset, net <sup>(1)</sup>	\$ 45,175	\$ 46,313
Finance lease assets	Property and equipment, net <sup>(1)</sup>	2,581	2,371
Total leased assets		\$ 47,756	\$ 48,685
<b>Liabilities</b>			
Current			
Operating	Accrued liabilities	\$ (13,176)	\$ (13,108)
Finance	Current portion of notes payable and other obligations	(1,075)	(1,022)
Noncurrent			
Operating	Other long-term liabilities	(33,562)	(34,573)
Finance	Notes payable and other obligations, less current portion	(1,553)	(1,685)
Total lease liabilities		\$ (49,366)	\$ (50,388)

<sup>(1)</sup> At June 27, 2020, operating right of-use lease assets and finance lease assets are recorded net of accumulated amortization of \$13,965 and \$2,069, respectively. At December 28, 2019, operating right-of-use lease assets and finance lease assets are recorded net of accumulated amortization of \$9,657 and \$1,592, respectively.

Supplemental balance sheet information related to the Company's operating and finance leases is as follows:

Weighted - Average Remaining Lease Term (Years)	June 27, 2020	December 28, 2019
Operating leases	5.0	5.0
Finance leases	2.4	2.8
<b>Weighted - Average Discount Rate</b>		
Operating leases	4%	4%
Finance leases	7%	7%

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Supplemental cash flow information related to the Company's operating and finance lease liabilities is as follows:

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Operating cash flows from operating leases	\$ 3,419	\$ 2,671	\$ 6,939	\$ 4,951
Financing cash flows from finance leases	\$ 268	\$ 162	\$ 535	\$ 325
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	\$ 2,995	\$ 5,174	\$ 7,985	\$ 6,236

The following tables summarize the components of lease cost recognized in the consolidated statements of net income and comprehensive income:

Lease Cost	Classification	Three Months Ended		Six Months Ended	
		June 27, 2020		June 27, 2020	
Operating lease cost	Facilities and facilities related	\$ 3,515		\$ 7,100	
Finance lease cost					
Amortization of financing lease assets	Depreciation and amortization	260		509	
Interest on lease liabilities	Interest expense	31		61	
Total lease cost		\$ 3,806		\$ 7,670	

Lease Cost	Classification	Three Months Ended		Six Months Ended	
		June 29, 2019		June 29, 2019	
Operating lease cost	Facilities and facilities related	\$ 2,790		\$ 5,242	
Finance lease cost					
Amortization of financing lease assets	Depreciation and amortization	161		324	
Interest on lease liabilities	Interest expense	20		45	
Total lease cost		\$ 2,971		\$ 5,611	

As of June 27, 2020, maturities of the Company's lease liabilities under its long-term operating leases and finance leases for the next five fiscal years and thereafter are as follows:

Fiscal Year	Operating Leases		Finance Leases	
Remainder of 2020	\$ 7,856		\$ 1,131	
2021	13,307		874	
2022	9,642		625	
2023	7,322		360	
2024	5,096		36	
Thereafter	8,295		4	
Total lease payments	51,518		3,030	
Less: Interest	(4,780)		(402)	
Present value of lease liabilities	\$ 46,738		\$ 2,628	

#### Note 16 – Subsequent Events

Only July 7, 2020, the Company entered into a definitive agreement to acquire Mediatech Design Group ("Mediatech"), a technology company providing security, enterprise IT, and building technology solutions in the Middle East and North Africa

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(MENA) region and South East Asia. Mediatech provides technology design services for the hospitality, industrial, healthcare, commercial, retail, and convention center markets. The aggregate purchase price is up to \$2,300, including \$1,100 of cash, a \$500 promissory note, payable in four equal installments of \$125 due on the first, second, third, and fourth anniversaries of the closing date, \$350 of the Company's common stock payable in four equal installments of \$87.5 due at closing and on the first, second and third anniversaries of the closing date, and \$350 in additional contingent payments.

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

The following discussion and analysis of the financial condition and results of operations of NV5 Global, Inc. and its subsidiaries (collectively, the "Company," "we," "our," "us" or "NV5 Global") should be read in conjunction with the financial statements included elsewhere in this Quarterly Report and the audited financial statements for the year ended December 28, 2019, included in our Annual Report on Form 10-K. This Quarterly Report contains, in addition to unaudited historical information, forward-looking statements, which involve risk and uncertainties. The words "believe," "expect," "estimate," "may," "will," "could," "plan," or "continue" and similar expressions are intended to identify forward-looking statements. Our actual results could differ materially from the results those anticipated in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, those discussed under the headings "Risk Factors" in our Annual Report on Form 10-K for the year ended December 28, 2019 and this Quarterly Report on Form 10-Q, if any. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to (and we expressly disclaim any obligation to) revise or update any forward-looking statement, whether as a result of new information, subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Quarterly Report on Form 10-Q. Amounts presented are in thousands, except per share data.

### Overview

We are a provider of professional and technical engineering and consulting solutions to public and private sector clients. We focus on the infrastructure, utility services, construction, real estate, and environmental markets. We primarily focus on the following business service verticals: construction quality assurance, infrastructure, utility services, program management, and environmental solutions, and deliver geospatial services. Our primary clients include U.S. federal, state, municipal, and local government agencies, and military and defense clients. We also serve quasi-public and private sector clients from the education, healthcare, utility services, and public utilities, including schools, universities, hospitals, health care providers, insurance providers, large utility service providers, and large to small utility service producers.

### Segments

Effective the beginning of fiscal year 2020, we re-evaluated the structure of our internal organization structure as a result of the 2019 acquisition of Geospatial Holdings, Inc. and its subsidiaries, including Quantum Spatial, Inc. (collectively "QSI"). To reflect management's revised perspective, we are now organized into three operating and reportable segments:

- *Infrastructure ("INF")* – includes our engineering, civil program management, utility services, and construction quality assurance, testing and inspection practices;
- *Building, Technology & Sciences ("BTS")* – includes our environmental and buildings program management practices; and
- *Geospatial Solutions ("GEO")* – includes our geospatial solution practices.

The GEO segment has been created in order to provide greater visibility regarding the operational and financial performance of QSI. The GEO segment structure is consistent with how we plan and allocate resources, manage our business, and assess our performance. Our INF and BTS segments remain unchanged and the addition of the GEO segment did not have an impact on prior period segment financial results. The assets of QSI were reallocated from our INF reportable segment to our new GEO reportable segment.

For additional information regarding our reportable segments, see Note 14, *Reportable Segments*, of the Notes to Consolidated Financial Statements included elsewhere herein.

### Impact of COVID-19 on Our Business

The COVID-19 pandemic has significantly impacted global stock markets and economies. We are closely monitoring the impact of the outbreak of COVID-19 on all aspects of our business, including how it will impact our customers and employees. While COVID-19 did not have a material adverse effect on our reported results for the first half of the fiscal year, we are unable to predict the ultimate impact that it may have on our business, future results of operations, financial position, or cash flows. The extent to which our operations may be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. We intend to continue to monitor the impact of COVID-19 pandemic on our business closely.

## Critical Accounting Policies and Estimates

For a discussion of our critical accounting estimates, see Management's Discussion and Analysis of Financial Condition and Results of Operations that is included in the 2019 Form 10-K.

## Results of Operations

### Consolidated Results of Operations

The following table represents our condensed results of operations for the periods indicated (dollars in thousands):

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Gross revenues	\$ 162,689	\$ 127,974	\$ 328,169	\$ 245,309
Direct costs	79,237	66,534	160,186	128,439
Gross profit	83,452	61,440	167,983	116,870
Operating expenses	72,490	51,843	147,640	99,862
Income from operations	10,962	9,597	20,343	17,008
Interest expense	(4,403)	(457)	(8,190)	(808)
Income tax expense	(2,056)	(346)	(3,462)	(1,863)
Net income	\$ 4,503	\$ 8,794	\$ 8,691	\$ 14,337

### Three Months Ended June 27, 2020 Compared to the Three Months Ended June 29, 2019.

#### Gross Revenues

Our consolidated gross revenues increased by \$34,715, or 27.1%, for the three months ended June 27, 2020 compared to the three months ended June 29, 2019. The increase in gross revenues was primarily due to the contribution from QSI of \$38,159. This increase was partially offset by a decrease in gross revenue from our liquefied natural gas business of \$5,834. All other locations had a net increase in gross revenues of \$2,390.

#### Gross Profit

As a percentage of gross revenues, our gross profit margin was 51.3% and 48.0% for the three months ended June 27, 2020 and June 29, 2019, respectively. The increase in gross profit margin was primarily due to a change in our mix of business resulting from the QSI acquisition. As a percentage of gross revenues, direct salaries and wages, other direct costs, and sub-consultant services decreased 2.1%, 1.1%, and .1%, respectively, primarily as a result of our mix of work performed.

#### Operating expenses

Our operating expenses increased \$20,647, or 39.8% for the three months ended June 27, 2020 compared to the three months ended June 29, 2019. The increase in operating expenses primarily resulted from increased payroll and performance-based compensation costs of \$13,384 primarily as a result of our acquisitions. The increase in operating expenses also included an increase in intangible asset amortization expense of \$4,429 and an increase in depreciation expense of \$1,564.

#### Interest Expense

Our interest expense increased \$3,946 for the three months ended June 27, 2020 compared to the three months ended June 29, 2019. The increase in interest expense primarily resulted from the increased level of indebtedness associated with the QSI acquisition.

### *Income taxes*

Our effective income tax rate was 31.3% and 3.8% for the three months ended June 27, 2020 and June 29, 2019, respectively. The increase in the effective tax rate was primarily the result of tax expense on stock-based payments of \$306 during the three months ended June 27, 2020 as compared to excess tax benefits from stock-based payments of \$2,294 during the three months ended June 29, 2019. The increase in our tax expense on stock-based payments during the three months ended June 27, 2020 was a result of the decrease in our stock price as it relates to the value of stock vested during the period.

### *Net income*

Our net income decreased \$4,291 for three months ended June 27, 2020, or 48.8%, compared to three months ended June 29, 2019. The decrease was primarily a result of an increase in stock-based compensation expense of \$1,132, an increase in intangible asset amortization expense of \$4,429, an increase in depreciation expense of \$1,564, and an increase in interest expense of \$3,946. These increases in expenses were partially offset by an increase in gross profit of \$22,012 primarily as a result of our acquisition of QSI and our effective income tax on those items discussed above.

### ***Six Months Ended June 27, 2020 Compared to the Six Months Ended June 29, 2019.***

#### *Gross Revenues*

Our consolidated gross revenues increased by \$82,860, or 33.8%, for the six months ended June 27, 2020 compared to the six months ended June 29, 2019. The increase in gross revenues was primarily due to the contribution from QSI of \$76,102. Additionally, other acquisitions completed since the first quarter of 2019 contributed incremental gross revenues of \$29,536. This increase was partially offset by a decrease in gross revenue from our liquefied natural gas business of \$15,770 and a decrease in our mechanical, electrical, and plumbing (MEP) engineering services of \$9,707. All other locations had a net increase in gross revenues of \$2,699.

#### *Gross Profit*

As a percentage of gross revenues, our gross profit margin was 51.2% and 47.6% for the six months ended June 27, 2020 and June 29, 2019, respectively. The increase in gross profit margin was primarily due to a change in our mix of business resulting from the QSI acquisition. As a percentage of gross revenues, direct salaries and wages decreased 2.5%, primarily as a result of our mix of work performed. Additionally, other direct costs decreased 2.1% as a percentage of gross revenues on a combined basis. These decreases were partially offset by a 1.0% increase in sub-consultant services as a percentage of gross revenue, primarily as a result of our mix of work performed.

#### *Operating expenses*

Our operating expenses increased \$47,778, or 47.8% for the six months ended June 27, 2020 compared to the six months ended June 29, 2019. The increase in operating expenses primarily resulted from increased payroll and performance-based compensation costs and general and administrative costs of \$29,702 and \$5,222, respectively, primarily as a result of our acquisitions. The increase in operating expenses also included an increase in intangible asset amortization expense of \$7,768 and an increase in depreciation expense of \$3,152.

#### *Interest Expense*

Our interest expense increased \$7,382 for the six months ended June 27, 2020 compared to the six months ended June 29, 2019. The increase in interest expense primarily resulted from the increased level of indebtedness associated with the QSI acquisition.

### *Income taxes*

Our effective income tax rate was 28.5% and 11.5% for the six months ended June 27, 2020 and June 29, 2019, respectively. The increase in the effective tax rate was primarily the result of tax expense on stock-based payments of \$260 during the six months ended June 27, 2020 as compared to excess tax benefits from stock-based payments of \$2,472 during the six months ended June 29, 2019. The increase in our tax expense on stock-based payments during the six months ended June 27, 2020 was a result of the decrease in our stock price as it relates to the value of stock vested during the period.

## Net income

Our net income decreased \$5,646 for six months ended June 27, 2020, or 39.4%, compared to six months ended June 29, 2019. The decrease was primarily a result of an increase in stock-based compensation expense of \$2,713, an increase in intangible asset amortization expense of \$7,768, an increase in depreciation expense of \$3,152, and an increase in interest expense of \$7,382. These increases in expenses were partially offset by an increase in gross profit of \$51,113 primarily due to our 2019 acquisitions and our effective income tax on those items discussed above.

## Segment Results of Operations

The following tables set forth summarized financial information concerning our reportable segments (dollars in thousands):

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Gross revenues</b>				
INF	\$ 89,366	\$ 83,547	\$ 174,841	\$ 161,319
BTS	37,166	45,372	80,690	85,646
GEO	38,233	—	76,193	—
Elimination of inter-segment revenues	(2,076)	(945)	(3,555)	(1,656)
Total gross revenues	\$ 162,689	\$ 127,974	\$ 328,169	\$ 245,309
<b>Segment income before taxes</b>				
INF	\$ 15,797	\$ 14,691	\$ 29,137	\$ 27,265
BTS	\$ 5,409	\$ 7,499	\$ 10,828	\$ 13,416
GEO	\$ 6,145	\$ —	\$ 13,758	\$ —

For additional information regarding our reportable segments, see Note 14, *Reportable Segments*, of the notes to the unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

### Three Months Ended June 27, 2020 Compared to Three Months Ended June 29, 2019

#### INF Segment

Our gross revenues from INF increased \$5,819, or 7.0%, during the three months ended June 27, 2020 compared to the three months ended June 29, 2019. The increase in gross revenues is due to \$10,436 in contributions from acquisitions completed since the first quarter of 2019. This increase was partially offset by a decrease in gross revenue from our liquefied natural gas business of \$5,834. All other locations had a net increase in gross revenues of \$1,217.

Segment Income before Taxes from INF increased \$1,106, or 7.5%, during the three months ended June 27, 2020 compared to the three months ended June 29, 2019. The increase was primarily due to acquisitions completed since the first quarter of 2019.

#### BTS Segment

Our gross revenues from BTS decreased \$8,206, or 18.1% during the three months ended June 27, 2020 compared to the three months ended June 29, 2019. The decrease in gross revenues was primarily due to decreases in our surveying, commercial zoning, and environmental services totaling \$3,964 and a decrease in our MEP engineering services of \$2,709.

Segment Income before Taxes from BTS decreased \$2,090, or 27.9% during the three months ended June 27, 2020 compared to the three months ended June 29, 2019. The decrease was primarily due to lower gross revenues.

### ***GEO Segment***

Our gross revenues from GEO was \$38,159 during the three months ended June 27, 2020. Gross revenues were primarily derived from public and quasi-public sector clients, which contributed \$26,524 of gross revenues. Private sector clients contributed gross revenues of \$11,635 during the three months ended June 27, 2020.

Segment Income before Taxes for GEO was \$6,145 during the three months ended June 27, 2020.

### ***Six Months Ended June 27, 2020 Compared to Six Months Ended June 29, 2019***

#### ***INF Segment***

Our gross revenues from INF increased \$13,522, or 8.4%, during the six months ended June 27, 2020 compared to the six months ended June 29, 2019. The increase in gross revenues is due to \$26,044 in contributions from acquisitions completed since the first quarter of 2019. This increase was partially offset by a decrease in gross revenue from our liquefied natural gas business of \$15,770. All other locations had a net increase in gross revenues of \$3,248.

Segment Income before Taxes from INF increased \$1,872, or 6.9%, during the six months ended June 27, 2020 compared to the six months ended June 29, 2019. The increase was primarily due to acquisitions completed since the first quarter of 2019.

#### ***BTS Segment***

Our gross revenues from BTS decrease \$4,956, or 5.8% during the six months ended June 27, 2020 compared to the six months ended June 29, 2019. The decrease in gross revenues was primarily due to decreases in our surveying, commercial zoning, and environmental services and decreases in our MEP engineering services.

Segment Income before Taxes from BTS decreased \$2,588, or 19.3% during the six months ended June 27, 2020 compared to the six months ended June 29, 2019. The decrease was primarily due to a lower gross revenues.

### ***GEO Segment***

Our gross revenues from GEO was \$76,102 during the six months ended June 27, 2020. Gross revenues were primarily derived from public and quasi-public sector clients, which contributed \$53,036 of gross revenues. Private sector clients contributed gross revenues of \$23,066 during the six months ended June 27, 2020.

Segment Income before Taxes for GEO was \$13,758 during the six months ended June 27, 2020.

## **Liquidity and Capital Resources**

Our principal sources of liquidity are our cash and cash equivalents balances, cash flows from operations, borrowing capacity under our Senior Credit Facility, 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 flows from operations, existing cash and cash equivalents and borrowing capacity under our Senior Credit Facility will be sufficient to meet our projected cash requirements for at least the next twelve months. We will monitor our capital requirements thereafter to ensure our needs are in line with available capital resources.

### ***Operating activities***

Net cash provided by operating activities was \$50,745 for the six months ended June 27, 2020, compared to \$17,434 during the six months ended June 29, 2019. The increase was a result of the growth in our revenues primarily driven by our acquisitions and changes in our working capital. The changes in our working capital primarily resulted from increased accounts payable of \$3,954 related to timing of payments, increased advanced billings of \$10,624 related to liquefied natural gas projects, and a decrease of \$11,530 in prepaid expenses and other assets primarily as a result of decreased prepaid income taxes of \$6,709, decreased prepaid insurance of \$1,812, and a decrease in other receivables of \$3,097. These increases were partially offset by \$3,743 as a result of increased accounts receivable primarily related to our growth in revenues during the six months ended June 27, 2020.

### ***Investing activities***

During the six months ended June 27, 2020 and June 29, 2019, net cash used in investing activities totaled \$5,708 and \$15,786, respectively. The decrease in cash used in investing activities was primarily a result of decreased acquisition activity.



## Financing activities

Cash flows used in financing activities during the six months ended June 27, 2020 totaled \$11,650 compared to net cash provided by financing activities of \$2,049 during the six months ended June 29, 2019. The change was primarily due to \$10,000 in borrowings on our Senior Credit Facility during the six months ended June 29, 2019. Additionally, we made principal payments on our debt of \$10,290 during the six months ended June 27, 2020 compared to \$6,738 during the six months ended June 29, 2019.

### Financing

#### Senior Credit Facility

On December 20, 2019 (the "Closing Date"), we amended and restated our Credit Agreement (the "A&R Credit Agreement"), dated December 7, 2016, as amended on December 20, 2018, with Bank of America, N.A. ("Bank of America"), as administrative agent, swingline lender and letter of credit issuer, the other lenders party thereto, and certain of our subsidiaries as guarantors. Pursuant to the A&R Credit Agreement, the lenders provided term commitments of \$150.0 million in the aggregate in a single draw on the Closing Date to fund the acquisition of QSI and various costs and expenses relating thereto and revolving commitments totaling \$215.0 million in the aggregate. The revolving commitment is available through December 20, 2024 (the "Maturity Date"), at which time the term commitments and revolving commitments will be due and payable in full. An aggregate amount of \$320.5 million was drawn under the A&R Credit Agreement on the Closing Date to fund the QSI acquisition and repay previously existing borrowings. Borrowings under the A&R Credit Agreement are secured by a first priority lien on substantially all of our assets. The A&R Credit Agreement also includes an accordion feature permitting us to request an increase in either the term facility or the revolver facility under the A&R Credit Agreement by an additional amount of up to \$100.0 million in the aggregate.

Borrowings under the term facility amortize at the rate of 5.0% per annum for the first two years of the facility and thereafter at the rate of 7.5% per annum until the Maturity Date.

On May 5, 2020 (the "Amendment Closing Date"), in response to the COVID-19 pandemic, we entered into an amendment to the A&R Credit Agreement (the "Amended A&R Credit Agreement") to amend the financial covenants that requires us to maintain a consolidated leverage ratio (the ratio of our pro forma consolidated funded indebtedness to our pro forma consolidated EBITDA for the most recently completed measurement period). The amended consolidated leverage ratio requirements are as follows:

<b>Measurement Period Ending</b>	<b>Maximum Consolidated Leverage Ratio</b>
Amendment Closing Date through June 27, 2020	4.50 to 1.00
June 28, 2020 through October 3, 2020	5.00 to 1.00
October 4, 2020 through January 2, 2021	5.25 to 1.00
January 3, 2021 and April 3, 2021	4.75 to 1.00
April 4, 2021 and July 3, 2021	4.00 to 1.00
July 4, 2021 and thereafter	3.50 to 1.00

These financial covenants also require us to maintain a consolidated fixed charge coverage ratio of no less than 1.20 to 1.00 as of the end of any measurement period. As of June 27, 2020, we were in compliance with the financial covenants.

The Amended A&R Credit Agreement also amended pricing terms which remain variable and tied to a Eurocurrency rate equal to LIBOR (London Interbank Offered Rate) plus an applicable margin or a base rate denominated in U.S. dollars. Interest rates remain subject to change based on our consolidated leverage ratio. As of June 27, 2020 our interest rate was 4.8%.

The Amended A&R Credit Agreement contains covenants that may have the effect of limiting our ability to, among other things, merge with or acquire other entities, enter into a transaction resulting in a Change in Control, create certain new liens, incur certain additional indebtedness, engage in certain transactions with affiliates, or engage in new lines of business or sell a substantial part of their assets. The Amended A&R Credit Agreement also contains customary events of default, including (but not limited to) a default in the payment of principal or, following an applicable grace period, interest, breaches of our covenants or warranties under the Amended A&R Credit Agreement, payment default or acceleration of certain indebtedness, certain events of bankruptcy, insolvency or liquidation, certain judgments or uninsured losses, changes in control and certain liabilities related to ERISA based plans.

The Amended A&R Credit Agreement limits the payment of cash dividends (together with certain other payments that would constitute a "Restricted Payment" within the meaning of the Amended A&R Credit Agreement and generally including dividends, stock repurchases and certain other payments in respect to warrants, options, and other rights to acquire equity securities) to no more than \$10,000 in any fiscal year, so long as no default shall exist at the time of or arise as a result from such payment.

#### *Other Obligations*

On July 1, 2019, we acquired GeoDesign. The purchase price allowed for the payment of \$425 in shares of our stock or a combination of cash and shares of our stock, at our discretion, payable on the first and second anniversary of July 1, 2019. At June 27, 2020 and December 28, 2019, the outstanding balance of this obligation was \$382.

On June 3, 2019, we acquired Page One. The purchase price allowed for the payment of \$200 in shares of our stock or a combination of cash and shares of our stock, at our discretion, payable on the first anniversary of June 3, 2019. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation was \$181.

On December 31, 2018, we acquired certain assets of Celtic. The purchase price allowed for the payment of \$200 in shares of our stock or a combination of cash and shares of our stock, at our discretion, payable on the first anniversary of December 31, 2018. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation was \$181.

On November 2, 2018, we acquired CHI. The purchase price allowed for the payment of \$3,000 in shares of our stock or a combination of cash and shares of our stock, at our discretion, payable in three equal annual installments. At June 27, 2020 and December 28, 2019, the outstanding balance of this obligation was \$1,754.

On February 2, 2018, we acquired CSA. The purchase price allowed for the payment of \$250 in shares of our stock or a combination of cash and shares of our stock, at our discretion, payable in two equal annual installments. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation was \$111.

On January 12, 2018, we acquired all of the outstanding equity interest in Butsko. The purchase price allowed for the payment of \$600 in shares of our stock or a combination of cash and shares of our stock, at our discretion, payable in two equal annual installments. There was no outstanding balance on this obligation as of June 27, 2020. At December 28, 2019, the outstanding balance of this obligation \$267.

#### *Uncollateralized Promissory Notes*

On July 1, 2019, we acquired GeoDesign. The purchase price included an uncollateralized \$2,000 promissory note bearing interest at 4.0% ("GeoDesign Note") and payable in four equal annual installments. The outstanding balance of the GeoDesign Note was \$1,500 and \$2,000 as of June 27, 2020 and December 28, 2019, respectively.

On June 3, 2019, we acquired Alta. The purchase price included an uncollateralized \$2,000 promissory note bearing interest at 4.0% ("Alta Note") and payable in four equal annual installments. The outstanding balance of the Alta Note was \$1,500 and \$2,000 as of June 27, 2020 and December 28, 2019, respectively.

On June 3, 2019, we acquired Page One. The purchase price included an uncollateralized \$1,000 promissory note bearing interest at 3.0% ("Page One Note") and payable in three equal annual installments. The outstanding balance of the Page One Note was \$700 and \$1,000 as of June 27, 2020 and December 28, 2019, respectively.

On March 22, 2019, we acquired The Sextant Group. The purchase price included an uncollateralized \$4,000 promissory note bearing interest at 4.0% ("The Sextant Group Note") and payable in four equal annual installments. The outstanding balance of The Sextant Group Note was \$3,000 and \$3,140 as of June 27, 2020 and December 28, 2019, respectively.

On December 31, 2018, we acquired certain assets of Celtic. The purchase price included an uncollateralized \$300 promissory note bearing interest at 3.0% (the "Celtic Note") payable in three equal annual installments. The outstanding balance of the Celtic Note was \$200 and \$300 as of June 27, 2020 and December 28, 2019, respectively.

On November 2, 2018, we acquired CHI. The purchase price included an uncollateralized \$15,000 promissory note bearing interest at 3.0% (the "CHI Note") payable in four equal annual installments. The outstanding balance of the CHI Note was \$11,250 as of June 27, 2020 and December 28, 2019.

On August 24, 2018, we acquired CALYX. The purchase price included an uncollateralized \$4,000 promissory note bearing interest at 3.75% payable in four equal annual installments of \$1,000. The outstanding balance of the CALYX Note was \$3,000 as of June 27, 2020 and December 28, 2019.

On February 2, 2018, we acquired CSA. The purchase price included an uncollateralized \$600 promissory note bearing interest at 3.0% (the "CSA Note") payable in four equal annual installments of \$150,000. The outstanding balance of the CSA Note was \$300 and \$450 as of June 27, 2020 and December 28, 2019, respectively.

On January 12, 2018, we acquired all of the outstanding equity interest in Butsko. The purchase price included an uncollateralized \$1,000 promissory note bearing interest at 3.0% (the "Butsko Note") payable in four equal annual installments of \$250. The outstanding balance of the Butsko Note was \$500 and \$750 as of June 27, 2020 and December 28, 2019, respectively.

On September 6, 2017, we acquired all of the outstanding interests in Marron. The purchase price included an uncollateralized \$300 promissory note bearing interest at 3.0% (the "Marron Note") payable in three equal annual installments of \$100. The outstanding balance of the Marron Note was \$100 as of June 27, 2020 and December 28, 2019.

On June 6, 2017, we acquired all of the outstanding equity interest in RDK. The purchase price included an uncollateralized \$5,500 promissory note bearing interest at 3.0% (the "RDK Note") payable in four equal annual installments of \$1,375. The outstanding balance of the RDK Note was \$1,375 and \$2,750 as of June 27, 2020 and December 28, 2019, respectively.

On May 4, 2017, we acquired all of the outstanding equity interest in H&K. The purchase price included an uncollateralized \$600 promissory note bearing interest at 3.0% (the "H&K Note") payable in four equal annual installments of \$150. The outstanding balance of the H&K Note was \$150 and \$300 as of June 27, 2020 and December 28, 2019, respectively.

On May 1, 2017, we acquired all of the outstanding equity interest in Lochrane. The purchase price included an uncollateralized \$1,650 promissory note bearing interest at 3.0% (the "Lochrane Note") payable in four equal annual installments of \$413. The outstanding balance of the Lochrane Note was \$413 and \$825 as of June 27, 2020 and December 28, 2019, respectively.

On December 6, 2016, we acquired all of the outstanding interests of CivilSource. The purchase price included an uncollateralized \$3,500 promissory note bearing interest at 3.0% (the "CivilSource Note") payable in four equal annual installments of \$875. The outstanding balance of the CivilSource Note was \$875 and \$1,502 as of June 27, 2020 and December 28, 2019, respectively.

On November 30, 2016, we acquired all of the outstanding interests of Hanna. The purchase price included an uncollateralized \$2,700 promissory note bearing interest at 3.0% (the "Hanna Note") payable in four equal annual installments of \$675. The outstanding balance of the Hanna Note was \$675 as of June 27, 2020 and December 28, 2019.

On October 26, 2016, we acquired all of the outstanding interests of JBA. The purchase price included an uncollateralized \$7,000 promissory note bearing interest at 3.0% (the "JBA Note") payable in five equal annual installments of \$1,400. The outstanding balance of the JBA Note was \$3,029 and \$4,163 as of June 27, 2020 and December 28, 2019, respectively.

On September 12, 2016, we acquired certain assets of Weir. The purchase price included an uncollateralized \$500 promissory note bearing interest at 3.0% (the "Weir Note") payable in four equal annual installments of \$125. The outstanding balance of the Weir Note was \$125 as of June 27, 2020 and December 28, 2019.

On May 20, 2016, we acquired all of the outstanding equity interests of Dade Moeller. The purchase price included an aggregate of \$6,000 of uncollateralized promissory notes bearing interest at 3.0% (the "Dade Moeller Notes") payable in four equal annual installments of \$1,500. There was not outstanding balance on the Dade Moeller Notes as of June 27, 2020. At December 28, 2019, the outstanding balance of the Dade Moeller Notes was \$1,497.

## Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 27, 2020.

## Effects of Inflation

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

## Recently Issued Accounting Pronouncements

For information on recently issued accounting pronouncements, see Note 2, *Summary of Significant Accounting Policies*, of the notes to the unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

## Cautionary Statement about Forward-Looking Statements

Our disclosure and analysis in this Quarterly Report on Form 10-Q, contain “forward-looking” statements within the meaning of Section 27A of the Securities Act Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. From time to time, we also provide forward-looking statements in other materials we release to the public, as well as oral forward-looking statements. Forward-looking statements include, statements regarding our “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. We have tried, wherever possible, to identify such statements by using words such as “anticipate,” “believe,” “expect,” “intend,” “estimate,” “predict,” “project,” “may,” “might,” “should,” “would,” “will,” “likely,” “will likely result,” “continue,” “could,” “future,” “plan,” “possible,” “potential,” “target,” “forecast,” “goal,” “observe,” “seek,” “strategy” and other words and terms of similar meaning, but the absence of these words does not mean that a statement is not forward looking. The forward-looking statements in this Current Report on Form 10-Q reflect the Company’s current views with respect to future events and financial performance.

Forward-looking statements are not historical factors and should not be read as a guarantee or assurance of future performance or results, and will not necessarily be accurate indications of the times at, or by, or if such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management’s good faith beliefs, expectations and assumptions as of that time with respect to future events. Because forward-looking statements relate to the future, they are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include:

- our ability to retain the continued service of our key professionals and to identify, hire and retain additional qualified professionals;
- changes in demand from the local and state government and private clients that we serve;
- general economic conditions, nationally and globally, and their effect on the demand and market for our services;
- fluctuations in our results of operations;
- the government’s funding and budgetary approval process;
- the possibility that our contracts may be terminated by our clients;
- our ability to win new contracts and renew existing contracts;
- our dependence on a limited number of clients;
- our ability to complete projects timely, in accordance with our customers’ expectations, or profitability;
- our ability to successfully execute our mergers and acquisitions strategy, including the integration of new companies into our business;
- our ability to successfully manage our growth strategy;

- our ability to raise capital in the future;
- competitive pressures and trends in our industry and our ability to successfully compete with our competitors;
- our ability to avoid losses under fixed-price contracts;
- the credit and collection risks associated with our clients;
- our ability to comply with procurement laws and regulations;
- changes in laws, regulations, or policies;
- the enactment of legislation that could limit the ability of local, state and federal agencies to contract for our privatized services;
- our ability to complete our backlog of uncompleted projects as currently projected;
- the risk of employee misconduct or our failure to comply with laws and regulations;
- our ability to control, and operational issues pertaining to, business activities that we conduct with business partners and other third parties;
- our need to comply with a number of restrictive covenants and similar provisions in our senior credit facility that generally limit our ability to (among other things) incur additional indebtedness, create liens, make acquisitions, pay dividends and undergo certain changes in control, which could affect our ability to finance future operations, acquisitions or capital needs;
- significant influence by our principal stockholder and the existence of certain anti-takeover measures in our governing documents; and
- other factors identified throughout this Current Report on Form 10-Q, including those discussed under the headings “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.”

The forward-looking statements contained in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us. 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, or assumptions, many of which are beyond our control, which 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, those factors described in Item 1A. *Risk Factors* in our Annual Report on Form 10-K for the year ended December 28, 2019. 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 are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q, 8-K and 10-K reports filed with the SEC. Our Annual Report on Form 10-K filing for the fiscal year ended December 28, 2019 listed various important factors that could cause actual results to differ materially from expected and historic results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995, as amended. Readers can find them in “Item 1A. Risk Factors” of that filing and under the same heading of this filing. You may obtain a copy of our Annual Report on Form 10-K through our website, [www.nv5.com](http://www.nv5.com). Information contained on our website is not incorporated into this report. In addition to visiting our website, you may read and copy any document we file with the SEC at [www.sec.gov](http://www.sec.gov).

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

We are exposed to certain market risks from transactions that are entered into during the normal course of business. We have not entered into derivative financial instruments for trading purposes. We have no significant market risk exposure to interest rate changes related to the promissory notes related to acquisitions since these contain fixed interest rates. Our only debt subject to interest rate risk is the Senior Credit Facility which rates are variable, at our option, tied to a Eurocurrency rate equal to LIBOR (London Interbank Offered Rate) plus an applicable rate or a base rate denominated in U.S. dollars. Interest rates are subject to change based on our Consolidated Senior Leverage Ratio (as defined in the Credit Agreement). As of June 27, 2020, there was \$318,582 outstanding on the Senior Credit Facility. A one percentage point change in the assumed interest rate of the Senior Credit Facility would change our annual interest expense by approximately \$3,186 annually.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Disclosure Controls and Procedures**

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of its management, including the Company's Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

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

There were no changes to the Company's internal control over financial reporting as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) that occurred during the quarter ended June 27, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. As a result of the COVID-19 pandemic, in March certain employees of the Company began working remotely. As a result of these changes to the working environment, the Company has not identified any material changes in the Company's internal control over financial reporting. The Company is continually monitoring and assessing the COVID-19 situation to determine any potential impacts on the design and operating effectiveness of our internal controls over financial reporting.

## **PART II – OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

From time to time, we are subject to various legal proceedings that arise in the normal course of our business activities. As of the date of this Quarterly Report on Form 10-Q, we are not a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations or financial position.

### **ITEM 1A. RISK FACTORS.**

There have been no material changes to any of the principal risks that we believe are material to our business, results of operations and financial condition, from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 28, 2019.

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

#### **Recent Sales of Unregistered Securities**

None.

#### **Issuer Purchase of Equity Securities**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

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

Not applicable.

### **ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS.**

<b>Number</b>	<b>Description</b>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>32.1**</u></a>	<a href="#"><u>Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002</u></a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

\* Filed herewith.

\*\* Furnished herewith. This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filings of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.



**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.

**NV5 GLOBAL, INC.**

/s/ Edward Codispoti

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Edward Codispoti

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: August 6, 2020

CERTIFICATION

I, Dickerson Wright, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 27, 2020 of NV5 Global, 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: August 6, 2020

/s/ Dickerson Wright

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Dickerson Wright  
Chairman & Chief Executive Officer,  
(Principal Executive Officer)

**CERTIFICATION**

I, Edward Codispoti, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 27, 2020 of NV5 Global, 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: August 6, 2020

/s/ Edward Codispoti

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Edward Codispoti  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of NV5 Global, Inc. (the "Company") on Form 10-Q for the quarter ended June 27, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Dickerson Wright, Chief Executive Officer of the Company, and Edward Codispoti, Chief Financial Officer of the Company, each certify, to the best of his knowledge, pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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: August 6, 2020

/s/ Dickerson Wright

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Dickerson Wright  
Chairman & Chief Executive Officer

Date: August 6, 2020

/s/ Edward Codispoti

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Edward Codispoti  
Chief Financial Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates it by reference.

A signed original of this written statement required by Rule 13a-14(b) or 15d-14(b) of the Exchange Act and Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.