UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2021
OR

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

For the transition period from ________ to ________
Commission file number: 1-33891
ORION GROUP HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware State of Incorporation	**26-0097459** IRS Employer Identification Number
12000 Aerospace Avenue, Suite 300 **Houston, Texas 77034** Address of Principal Executive Office	**(713) 852-6500** 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 per share	ORN	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: ☐ Yes ☑ No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files
Yes ☑ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer", "small reporting" company and "emerging growth" company in Rule 12b-2 of the Exchange Act (Check One):

Large Accelerated Filer ☐ Accelerated Filer ☑ Non-accelerated filer ☐ Smaller reporting company ☑ Emerging growth company ☐

If an emerging growth company, initiate 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 Act) ☐ Yes ☑ No

There were 30,451,346 shares of common stock outstanding as of April 29, 2021.

ORION GROUP HOLDINGS, INC.

Quarterly Report on Form 10-Q for the period ended March 31, 2021
Index

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Information)

	March 31, 2021 (Unaudited)	December 31, 2020
Current assets:		
Cash and cash equivalents	$ 4,642	$ 1,589
Accounts receivable:		
Trade, net of allowance for credit losses of $323 and $411, respectively	92,553	96,369
Retainage	38,043	36,485
Income taxes receivable	419	419
Other current	57,153	59,492
Inventory	1,680	1,548
Contract assets	21,797	32,271
Prepaid expenses and other	7,254	7,229
Total current assets	223,541	235,402
Property and equipment, net of depreciation	120,879	125,497
Operating lease right-of-use assets, net of amortization	17,480	18,874
Financing lease right-of-use assets, net of amortization	12,097	12,858
Inventory, non-current	6,249	6,455
Intangible assets, net of amortization	9,697	10,077
Deferred income tax asset	41	70
Other non-current	4,871	4,956
Total assets	$ 394,855	$ 414,189
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current debt, net of debt issuance costs	$ 4,348	$ 4,344
Accounts payable:		
Trade	38,242	48,252
Retainage	990	716
Accrued liabilities	77,701	84,637
Income taxes payable	776	639
Contract liabilities	33,150	33,135
Current portion of operating lease liabilities	4,777	4,989
Current portion of financing lease liabilities	2,878	3,901
Total current liabilities	162,862	180,613
Long-term debt, net of debt issuance costs	23,603	29,523
Operating lease liabilities	13,512	14,537
Financing lease liabilities	8,680	8,376
Other long-term liabilities	23,513	19,837
Deferred income tax liability	228	207
Interest rate swap liability	1,372	1,602
Total liabilities	233,770	254,695
Stockholders' equity:		
Preferred stock -- $0.01 par value, 10,000,000 authorized, none issued	—	—
Common stock -- $0.01 par value, 50,000,000 authorized, 31,188,886 and 31,171,804 issued; 30,477,655 and 30,460,573 outstanding at March 31, 2021 and December 31, 2020, respectively	312	312
Treasury stock, 711,231 shares, at cost, as of March 31, 2021 and December 31, 2020, respectively	(6,540)	(6,540)
Accumulated other comprehensive loss	(1,372)	(1,602)
Additional paid-in capital	184,757	184,324
Retained loss	(16,072)	(17,000)
Total stockholders' equity	161,085	159,494
Total liabilities and stockholders' equity	$ 394,855	$ 414,189

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

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Information)
(Unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
Contract revenues	$ 153,309	$ 166,620
Costs of contract revenues	137,854	146,862
Gross profit	15,455	19,758
Selling, general and administrative expenses	14,630	15,869
Amortization of intangible assets	380	516
Gain on disposal of assets, net	(1,610)	(992)
Operating income	2,055	4,365
Other (expense) income:		
Other income	37	97
Interest income	26	40
Interest expense	(1,040)	(1,402)
Other expense, net	(977)	(1,265)
Income before income taxes	1,078	3,100
Income tax expense	150	377
Net income	$ 928	$ 2,723
Basic earnings per share	$ 0.03	$ 0.09
Diluted earnings per share	$ 0.03	$ 0.09
Shares used to compute income per share:		
Basic	30,465,475	29,653,409
Diluted	30,499,978	29,655,557

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

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(In Thousands)
(Unaudited)

	Three months ended March 31,	
	2021	**2020**
Net income	$ 928	$ 2,723
Change in fair value of cash flow hedge, net of tax expense of $53 and net of tax benefit of $226 for the three months ended March 31, 2021 and March 31, 2020, respectively.	177	(758)
Total comprehensive income	$ 1,105	$ 1,965

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

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(In Thousands, Except Share and Per Share Information)
(Unaudited)

	Common Stock		Treasury Stock		Accumulated Other Comprehensive	Additional Paid-In	Retained	
	Shares	Amount	Shares	Amount	Loss	Capital	Earnings (Loss)	Total
Balance, December 31, 2020	31,171,804	$ 312	(711,231)	$ (6,540)	$ (1,602)	$ 184,324	$ (17,000)	$ 159,494
Stock-based compensation	—	—	—	—	—	383	—	383
Exercise of stock options	23,755	—	—	—	—	86	—	86
Payments related to tax withholding for stock-based compensation	(6,673)	—	—	—	—	(36)	—	(36)
Cash flow hedge	—	—	—	—	230	—	—	230
Net income	—	—	—	—	—	—	928	928
Balance, March 31, 2021	31,188,886	$ 312	(711,231)	$ (6,540)	$ (1,372)	$ 184,757	$ (16,072)	$ 161,085

	Common Stock		Treasury Stock		Accumulated Other Comprehensive	Additional Paid-In	Retained	
	Shares	Amount	Shares	Amount	Loss	Capital	Earnings (Loss)	Total
Balance, December 31, 2019	30,303,395	$ 303	(711,231)	$ (6,540)	$ (1,045)	$ 182,523	$ (37,220)	$ 138,021
Stock-based compensation	—	—	—	—	—	462	—	462
Issuance of restricted stock	185,356	2	—	—	—	(2)	—	—
Forfeiture of restricted stock	(3,351)	—	—	—	—	—	—	—
Cash flow hedge	—	—	—	—	(984)	—	—	(984)
Net income	—	—	—	—	—	—	2,723	2,723
Balance, March 31, 2020	30,485,400	$ 305	(711,231)	$ (6,540)	$ (2,029)	$ 182,983	$ (34,497)	$ 140,222

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

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three months ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net income	$ 928	$ 2,723
Adjustments to reconcile net income to net cash used in operating activities:		
Operating activities:		
Depreciation and amortization	5,704	6,192
Amortization of ROU operating leases	1,348	1,673
Amortization of ROU finance leases	781	700
Amortization of deferred debt issuance costs	239	123
Deferred income taxes	50	13
Stock-based compensation	383	462
Gain on disposal of assets, net	(1,610)	(992)
Allowance for credit losses	—	411
Change in operating assets and liabilities:		
Accounts receivable	3,837	13,511
Income tax receivable	—	(192)
Inventory	74	(218)
Prepaid expenses and other	60	1,540
Contract assets	10,474	9,956
Accounts payable	(9,735)	(22,911)
Accrued liabilities	(2,371)	(543)
Operating lease liabilities	(1,196)	(1,348)
Income tax payable	137	(278)
Contract liabilities	15	4,631
Net cash provided by operating activities	9,118	15,453
Cash flows from investing activities:		
Proceeds from sale of property and equipment	1,950	1,302
Purchase of property and equipment	(1,618)	(2,753)
Contributions to CSV life insurance	—	(38)
Insurance claim proceeds related to property and equipment	440	1,164
Net cash provided by (used in) investing activities	772	(325)
Cash flows from financing activities:		
Borrowings from Credit Facility	5,000	5,000
Payments made on borrowings from Credit Facility	(11,155)	(6,750)
Payments of finance lease liabilities	(732)	(942)
Payments related to tax withholding for stock-based compensation	(36)	—
Exercise of stock options	86	—
Net cash used in financing activities	(6,837)	(2,692)
Net change in cash, cash equivalents and restricted cash	3,053	12,436
Cash, cash equivalents and restricted cash at beginning of period	1,589	1,086
Cash, cash equivalents and restricted cash at end of period	$ 4,642	$ 13,522
Cash and cash equivalents	$ 4,642	$ 12,591
Restricted cash	—	931
Total cash, cash equivalents and restricted cash shown above	$ 4,642	$ 13,522
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 443	$ 942
Taxes, net of refunds	$ (37)	$ 648

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

Orion Group Holdings, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in thousands, Except Share and per Share Amounts)
(Unaudited)

1. Description of Business and Basis of Presentation

Description of Business

Orion Group Holdings, Inc., its subsidiaries and affiliates (hereafter collectively referred to as the "Company"), provide a broad range of specialty construction services in the infrastructure, industrial, and building sectors of the continental United States, Alaska, Canada and the Caribbean Basin. The Company’s marine segment services the infrastructure sector through marine transportation facility construction, marine pipeline construction, marine environmental structures, dredging of waterways, channels and ports, environmental dredging, design, and specialty services. Its concrete segment services the building sector by providing turnkey concrete construction services including pour and finish, dirt work, layout, forming, rebar, and mesh across the light commercial, structural and other associated business areas. The Company is headquartered in Houston, Texas with offices throughout its operating areas.

The tools used by the chief operating decision maker ("CODM") to allocate resources and assess performance are based on two reportable and operating segments: marine, which operates under the Orion brand and logo, and concrete, which operates under the TAS Commercial Concrete brand and logo.

Although we describe the business in this report in terms of the services the Company provides, its base of customers and the areas in which it operates, the Company has determined that its operations currently comprise two reportable segments pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 280, *Segment Reporting*.

In making this determination, the Company considered the similar economic characteristics of its operations that comprise its marine segment. For the marine segment, the methods used, and the internal processes employed, to deliver marine construction services are similar throughout the segment, including standardized estimating, project controls and project management. This segment has the same customers with similar funding drivers, and it complies with regulatory environments driven through Federal agencies such as the U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, U.S. Environmental Protection Agency and U.S. Occupational Safety and Health Administration ("OSHA"), among others. Additionally, the segment is driven by macro-economic considerations including the level of import/export seaborne transportation, development of energy-related infrastructure, cruise line expansion and operations, marine bridge infrastructure development, waterway pipeline crossings and the maintenance of waterways. These considerations, and others, are key catalysts for future prospects and are similar across the segment.

For the concrete segment, the Company also considered the similar economic characteristics of these operations. The methods used, and the internal processes employed, to deliver concrete construction services are similar throughout the segment, including standardized estimating, project controls and project management. This segment complies with regulatory environments such as OSHA. Additionally, this segment is driven by macro-economic considerations, including movements in population, commercial real estate development, institutional funding and expansion, and recreational development, specifically in metropolitan areas of Texas. These considerations, and others, are key catalysts for future prospects and are similar across the segment.

Basis of Presentation

The accompanying condensed consolidated financial statements and financial information included herein have been prepared pursuant to the interim period reporting requirements of Form 10-Q. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted. Readers of this report should also read the Company's consolidated financial statements and the notes thereto included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2020 ("2020 Form 10-K") as well as Item 7 – *Management's Discussion and Analysis of Financial Condition and Results of Operations* also included in its 2020 Form 10-K.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments considered necessary for a fair presentation of the Company's financial position, results of operations, and cash flows for the periods presented. Such adjustments are of a normal recurring nature. Interim results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

2. Summary of Significant Accounting Policies

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates, judgments and assumptions are continually evaluated based on available information and experience; however, actual amounts could differ from those estimates.

On an ongoing basis, the Company evaluates the significant accounting policies used to prepare its condensed consolidated financial statements, including, but not limited to, those related to:

- Revenue recognition from construction contracts;
- Accounts receivable and allowance for credit losses;
- Property, plant and equipment;
- Leases;
- Finite and infinite-lived intangible assets, testing for indicators of impairment;
- Stock-based compensation;
- Income taxes; and
- Self-insurance

Revenue Recognition

The Company's revenue is derived from contracts to provide marine construction, dredging, turnkey concrete services, and other specialty services. The Company's projects are typically short in duration and usually span a period of less than one year. The Company determines the appropriate accounting treatment for each contract before work begins and generally records revenue on contracts over time.

Performance obligations are promises in a contract to transfer distinct goods or services to the customer and are the unit of account under Topic 606. The Company's contracts and related change orders typically represent a single performance obligation because the Company provides an integrated service and individual goods and services are not separately identifiable. Revenue is recognized over time because control is continuously transferred to the customer. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation using its best estimate of the stand-alone selling price of each distinct good or service. Progress is measured by the percentage of actual contract costs incurred to date to total estimated costs for each contract. This method is used because management considers contract costs incurred to be the best available measure of progress on these contracts. Contract costs include all direct costs, such as material and labor, and those indirect costs incurred that are related to contract performance such as payroll taxes and insurance. General and administrative costs are charged to expense as incurred. Upfront costs, such as costs to mobilize personnel and equipment prior to satisfying a performance obligation are capitalized and amortized over the contract performance period.

Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and reported revenue and are recognized in the period in which the revisions are determined. The effect of changes in estimates of contract revenue or contract costs is recognized as an adjustment to recognized revenue on a cumulative catch-up basis. When losses on uncompleted contracts are anticipated, the entire loss is recognized in the period in which such losses are determined. Revenue is recorded net of any sales taxes collected and paid on behalf of the customer, if applicable.

Contract revenue is derived from the original contract price as modified by agreed-upon change orders and estimates of variable consideration related to incentive fees and change orders or claims for which price has not yet been agreed by the customer. The Company estimates variable consideration based on its assessment of the most likely amount to which it expects to be entitled. Variable consideration is included in the estimated recognition of revenue to the extent it is probable that a significant reversal of cumulative recognized revenue will not occur. A determination that the collection of a claim is probable is based upon compliance with the terms of the contract and the extent to which the Company performed in accordance therewith but does not guarantee collection in full.

Assets and liabilities derived from contracts with customers include the following:

- Accounts Receivable: Trade, net of allowance - Represent amounts billed and currently due from customers and are stated at their estimated net realizable value.
- Accounts Receivable: Retainage - Represent amounts which have not been billed to or paid by customers due to retainage provisions in construction contracts, which amounts generally become payable upon contract completion and acceptance by the customer.
- Contract Assets - Represent revenues recognized in excess of amounts billed, which management believes will be billed and collected within one year of the completion of the contract and are recorded as a current asset, until such amounts are either received or written off.
- Contract Liabilities - Represent billings in excess of revenues recognized and are recorded as a current liability, until the underlying obligation has been performed or discharged.

Classification of Current Assets and Liabilities

The Company includes in current assets and liabilities amounts realizable and payable in the normal course of contract completion.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At times, cash held by financial institutions may exceed federally insured limits. The Company has not historically sustained losses on its cash balances in excess of federally insured limits. Cash equivalents at March 31, 2021 and December 31, 2020 consisted primarily of overnight bank deposits.

The Company had no restricted cash as of March 31, 2021 and December 31, 2020.

Risk Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of accounts receivable.

The Company depends on its ability to continue to obtain federal, state and local governmental contracts, and indirectly, on the amount of funding available to these agencies for new and current governmental projects. Therefore, a portion of the Company's operations is dependent upon the level and timing of government funding. Statutory mechanics liens provide the Company high priority in the event of lien foreclosures following financial difficulties of private owners, thus minimizing credit risk with private customers.

Accounts Receivable

Accounts receivable are stated at the historical carrying value, net of allowances for credit losses. The Company has significant investments in billed and unbilled receivables as of March 31, 2021 and December 31, 2020. Billed receivables represent amounts billed upon the completion of small contracts and progress billings on large contracts in accordance with contract terms and milestone achievements. Unbilled receivables on contracts, which are included in contract assets, arise as revenues are recognized over time. Unbilled amounts on contracts represent recoverable costs and accrued profits not yet billed. Revenue associated with these billings is recorded net of any sales tax, if applicable.

Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. In establishing an allowance for credit losses, the Company evaluates its contract receivables and contract assets and thoroughly reviews historical collection experience, the financial condition of its customers, billing disputes and other factors. The Company writes off potentially uncollectible accounts receivable against the allowance for credit losses if it is determined that the amounts will not be collected or if a settlement is reached for an amount that is less than the carrying value. As of March 31, 2021, and December 31, 2020, the Company has recorded an allowance for credit losses of $0.3 million and $0.4 million, respectively.

Balances billed to customers but not paid pursuant to retainage provisions in construction contracts generally become payable upon contract completion and acceptance by the owner. Retainage at March 31, 2021 totaled $38.0 million, of which $4.3 million is expected to be collected beyond March 31, 2022. Retainage at December 31, 2020 totaled $36.5 million.

The Company negotiates change orders and claims with its customers. Unsuccessful negotiations of claims could result in a change to contract revenue that is less than amounts previously recorded, which could result in the recording of a loss in the amount of the shortfall. Successful claims negotiations could result in the recovery of previously recorded losses. Significant losses on receivables could adversely affect the Company's financial position, results of operations and overall liquidity.

Advertising Costs

The Company primarily obtains contracts through the open bid process, and therefore advertising costs are not a significant component of expense. Advertising costs are expensed as incurred.

Environmental Costs

Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event the costs are capitalized. Environmental liabilities, if any, are recognized when the expenditure is considered probable and the amount can be reasonably estimated. The Company did not recognize any environmental liabilities as of March 31, 2021 or December 31, 2020.

Fair Value Measurements

The Company evaluates and presents certain amounts included in the accompanying condensed consolidated financial statements at "fair value" in accordance with U.S. GAAP, which requires the Company to base its estimates on assumptions that market participants, in an orderly transaction, would use to price an asset or liability, and to establish a hierarchy that prioritizes the information used to determine fair value. Refer to Note 8 for more information regarding fair value determination.

The Company generally applies fair value valuation techniques on a non-recurring basis associated with (1) valuing assets and liabilities acquired in connection with business combinations and other transactions; (2) valuing potential impairment loss related to long-lived assets; and (3) valuing potential impairment loss related to goodwill and indefinite-lived intangible assets.

Inventory

Current inventory consists of parts and small equipment held for use in the ordinary course of business and is valued at the lower of cost (using historical average cost) or net realizable value. Where shipping and handling costs are incurred by the Company, these charges are included in inventory and charged to cost of contract revenue upon use. Non-current inventory consists of spare parts (including engines, cutters and gears) that require special order or long-lead times for manufacture or fabrication, but must be kept on hand to reduce downtime and is valued at the lower of cost (using historical average cost) or net realizable value.

Property and Equipment

Property and equipment are recorded at cost. Ordinary maintenance and repairs that do not improve or extend the useful life of the asset are expensed as incurred. Major renewals and betterments of equipment are capitalized and depreciated generally over three to seven years until the next scheduled maintenance.

When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in results of operations for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets for financial statement purposes, as follows:

Automobiles and trucks	3 to 5 years
Buildings and improvements	5 to 30 years
Construction equipment	3 to 15 years
Vessels and other equipment	1 to 15 years
Office equipment	1 to 5 years

The Company generally uses accelerated depreciation methods for tax purposes where appropriate.

Dry-docking costs are capitalized and amortized using the straight-line method over a period ranging from three to 15 years. Dry-docking costs include, but are not limited to, the inspection, refurbishment and replacement of steel, engine components, tailshafts, mooring equipment and other parts of the vessel. Amortization related to dry-docking activities is included as a component of depreciation. These costs and the related amortization periods are periodically reviewed to determine if the estimates are accurate. If warranted, a significant upgrade of equipment may result in a revision to the useful life of the asset, in which case the change is accounted for prospectively.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or the fair value, less the costs to sell, and are no longer depreciated. There were no assets classified as held for sale as of March 31, 2021 or December 31, 2020.

Leases

Management determines if a contract is or contains a lease at inception of the contract or modification of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Company’s leases, management uses the Company’s incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease term includes options to extend or terminate the lease when it is reasonably certain the Company will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term.

The Company’s lease arrangements have lease and non-lease components. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

See Note 18 for more information regarding leases.

Intangible Assets

Intangible assets that have finite lives are amortized. In addition, the Company evaluates the remaining useful life of intangible assets in each reporting period to determine whether events and circumstances warrant a revision of the remaining period of amortization. If the estimate of an intangible asset's remaining life is changed, the remaining carrying value of such asset is amortized prospectively over that revised remaining useful life. Intangible assets that have infinite lives are not amortized, but are subject to impairment testing at least annually or more frequently if events or circumstances indicate that the asset may be impaired.

The Company has one infinite-lived intangible asset, a trade name, which it tests for impairment annually on October 31, or whenever events or circumstances indicate that the carrying amount of the trade name may not be recoverable. Impairment is calculated as the excess of the trade name's carrying value over its fair value. The fair value of the trade name is determined using the relief from royalty method, a variation of the income approach. This method assumes that if a company owns intellectual property, it does not have to "rent" the asset and is, therefore, "relieved" from paying a royalty. Once a supportable royalty rate is determined, the rate is then applied to the projected revenues over the expected remaining life of the intangible assets to estimate the royalty savings. This approach is dependent on a number of factors, including estimates of future growth and trends, royalty rates, discount rates and other variables.

See Note 9 for additional discussion of intangible assets and trade name impairment testing.

Stock-Based Compensation

The Company recognizes compensation expense for equity awards over the vesting period based on the fair value of these awards at the date of grant. The computed fair value of these awards is recognized as a non-cash cost over the period the employee provides services, which is typically the vesting period of the award. The fair value of options granted is estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the use of subjective assumptions in the computation. Changes in these assumptions can cause significant fluctuations in the fair value of the option award. The fair value of restricted stock grants is equivalent to the fair value of the stock issued on the date of grant and is measured as the closing price of the stock on the date of grant.

Compensation expense is recognized only for stock-based payments expected to vest. The Company estimates forfeitures at the date of grant based on historical experience and future expectations. This assessment is updated on a periodic basis. See Note 15 for further discussion of the Company's stock-based compensation plan.

Income Taxes

The Company determines its consolidated income tax provision using the asset and liability method prescribed by U.S. GAAP, which requires the recognition of income tax expense for the amount of taxes payable or refundable for the current period and for deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. The Company must make significant assumptions, judgments and estimates to determine its current provision for income taxes, its deferred tax assets and liabilities, and any valuation allowance to be recorded against any deferred tax asset. The current provision for income tax is based upon the current tax laws and the Company's interpretation of these laws, as well as the probable outcomes of any tax audits. The value of any net deferred tax asset depends upon estimates of the amount and category of future taxable income reduced by the amount of any tax benefits that the Company does not expect to realize. Actual operating results and the underlying amount and category of income in future years could render current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate, thus impacting the Company's financial position and results of operations. The Company computes deferred income taxes using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740, *Income Taxes* which prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken, or expected to be taken, on its consolidated tax return. The Company evaluates and records any uncertain tax positions based on the amount that management deems is more likely than not to be sustained upon examination and ultimate settlement with the tax authorities in the tax jurisdictions in which it operates.

See Note 13 for additional discussion of income taxes.

Insurance Coverage

The Company maintains insurance coverage for its business and operations. Insurance related to property, equipment, automobile, general liability, and a portion of workers' compensation is provided through traditional policies, subject to a deductible or deductibles. A portion of the Company's workers' compensation exposure is covered through a mutual association, which is subject to supplemental calls.

The marine segment maintains five levels of excess loss insurance coverage, totaling $200 million in excess of primary coverage. The marine segment's excess loss coverage responds to most of its policies when a primary limit of $1 million has been exhausted; provided that the primary limit for Contingent Maritime Employer's Liability is $10 million and the Watercraft Pollution Policy primary limit is $5 million. The concrete segment maintains five levels of excess loss insurance coverage, totaling $200 million in excess of primary coverage. The concrete segment's excess loss coverage responds to most of its policies when a primary limit of $1 million has been exhausted.

If a claim arises and a potential insurance recovery is probable, the impending gain is recognized separately from the related loss. The recovery will only be recognized up to the amount of the loss once the recovery of the claim is deemed probable and any excess gain will fall under contingency accounting and will only be recognized once it is realized. The Company does not net insurance recoveries against the related claim liability as the amount of the claim liability is determined without consideration of the anticipated insurance recoveries from third parties.

Separately, the Company's marine segment employee health care is paid for by general assets of the Company and currently administered by a third party. The administrator has purchased appropriate stop-loss coverage. Losses on these policies up to the deductible amounts are accrued based upon known claims incurred and an estimate of claims incurred but not reported. The accruals are derived from known facts, historical trends and industry averages to determine the best estimate of the ultimate expected loss. Actual claims may vary from estimates. Any adjustments to such reserves are included in the Condensed Consolidated Results of Operations in the period in which they become known. The Company's concrete segment employee health care is provided through two policies. A fully funded policy is offered primarily to salaried employees and their dependents while a partially self-funded plan with an appropriate stop-loss is offered primarily to hourly employees and their dependents. The self-funded plan is funded to the maximum exposure and, as a result, is expected to receive a partial refund after the policy expiration.

The total accrual for insurance claims liabilities was $59.2 million and $60.4 million at March 31, 2021 and December 31, 2020, respectively, reflected as a component of accrued liabilities in the condensed consolidated balance sheet. The total accrual for insurance claims receivable was $54.9 million and $57.0 million at March 31, 2021 and December 31, 2020, respectively, reflected as a component of other current accounts receivable in the condensed consolidated balance sheet.

Accounting Standards Adopted in 2021

The Financial Accounting Standards Board ("FASB") issues accounting standards and updates (each, an "ASU") from time to time to its Accounting Standards Codification ('ASC'), which is the primary source of U.S. GAAP. The Company regularly monitors ASUs as they are issued and considers applicability to its business. All ASUs are adopted by their respective due dates and in the manner prescribed by the FASB.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes: Simplifying the Accounting for Income Taxes* (Topic 740). This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in Topic 740 related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within that year.

3. Revenue

Contract revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The following table represents a disaggregation of the Company's contract revenues by service line for the marine and concrete segments:

	Three months ended March 31,	
	2021	**2020**
Marine Segment		
Construction	$ 43,936	$ 53,140
Dredging	24,682	30,899
Specialty Services	3,528	1,910
Marine segment contract revenues	$ 72,146	$ 85,949
Concrete Segment		
Structural	$ 16,661	$ 21,236
Light Commercial	64,495	59,433
Other	7	2
Concrete segment contract revenues	$ 81,163	$ 80,671

Total contract revenues	$ 153,309	$ 166,620

The Company has determined that it has two reportable segments pursuant to FASB ASC Topic 280, *Segment Reporting*, but has disaggregated its contract revenues in the above chart in terms of services provided within such segments. In making this determination, the Company considered the similar characteristics of its operations as discussed in Note 1. Additionally, as discussed, both the marine and concrete segments have limited contracts with multiple performance obligations. The Company's contracts are often estimated and bid as one project and evaluated as to performance as one project, not by individual services performed by each. Both the marine and concrete segments have a single Executive Vice President responsible for the entire segment, not by service lines of the segments. Resources are allocated by segment and financial and budgetary information is compiled and reviewed by segment, not service line.

Marine Segment

Construction services include construction, restoration, maintenance, dredging and repair of marine transportation facilities, marine pipelines, bridges and causeways and marine environmental structures. Dredging services generally enhance or preserve the navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. Specialty services include design, salvage, demolition, surveying, towing, diving and underwater inspection, excavation and repair.

Concrete Segment

Structural services include elevated concrete pouring for products such as columns, elevated beams and structural walls. Light commercial services include horizontally poured concrete for products such as sidewalks, ramps, tilt walls and trenches. Other services comprise labor related to concrete pouring such as rebar installation and pumping services and typically support the Company's structural and light commercial services.

4. Concentration of Risk and Enterprise Wide Disclosures

Accounts receivable in both reportable segments include amounts billed to governmental agencies and private customers and do not bear interest. Balances billed to customers but not paid pursuant to retainage provisions generally become payable upon contract completion and acceptance by the owner.

The table below presents the concentrations of accounts receivable from customers (trade and retainage) at March 31, 2021 and December 31, 2020, respectively:

	March 31, 2021		December 31, 2020	
Federal Government	$ 4,341	3 %	$ 4,826	4 %
State Governments	220	- %	—	- %
Local Governments	22,444	17 %	17,823	13 %
Private Companies	103,914	79 %	110,616	83 %
Gross receivables	130,919	99 %	133,265	100 %
Allowance for credit losses	(323)		(411)	
Net receivables	$ 130,596		$ 132,854	

At March 31, 2021 one customer in the Private Companies category accounted for 10.6% of total current receivables. At December 31, 2020, no single customer accounted for more than 10.0% of total current receivables.

Additionally, the table below represents concentrations of contract revenue by type of customer for the three months ended March 31, 2021 and 2020, respectively:

	Three months ended March 31,			
	2021	%	2020	%
Federal Government	$ 12,764	8 %	$ 5,319	3 %
State Governments	168	- %	12,232	7 %
Local Government	33,516	22 %	52,012	31 %
Private Companies	106,861	70 %	97,057	59 %
Total contract revenues	$ 153,309	100 %	$ 166,620	100 %

In the three months ended March 31, 2021 and 2020, no single customer exceeded 10.0% of total contract revenues.

The Company does not believe that the loss of any one of its customers would have a material adverse effect on the Company or its subsidiaries and affiliates since no single specific customer sustains such a large portion of receivables or contract revenue over time.

The concrete segment primarily purchases concrete from select suppliers. The loss of any one of these suppliers could adversely impact short-term operations.

Contract revenues generated outside the United States totaled 1.6% and 2.4% of total revenues for the three months ended March 31, 2021 and 2020, and were primarily located in the Caribbean Basin and Mexico.

5. Contracts in Progress

Contracts in progress are as follows at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Costs incurred on uncompleted contracts	$ 1,255,413	$ 1,151,987
Estimated earnings	228,140	202,369
	1,483,553	1,354,356
Less: Billings to date	(1,494,906)	(1,355,220)
	$ (11,353)	$ (864)
Included in the accompanying Condensed Consolidated Balance Sheets under the following captions:		
Contract assets	$ 21,797	$ 32,271
Contract liabilities	(33,150)	(33,135)
	$ (11,353)	$ (864)

Included in contract assets is approximately $3.6 million and $3.1 million at March 31, 2021 and December 31, 2020, respectively, related to claims and unapproved change orders. See Note 2 - Summary of Significant

Accounting Policies to the Company's condensed consolidated financial statements for discussion of the accounting for these claims.

Remaining performance obligations represent the transaction price of firm orders or other written contractual commitments from customers for which work has not been performed or is partially completed and excludes unexercised contract options and potential orders. As of March 31, 2021, the aggregate amount of the remaining performance obligations was approximately $364.8 million. Of this amount, the current expectation of the Company is that it will recognize $328.6 million, or 90%, in the next 12 months and the remaining balance thereafter.

6. Property and Equipment

The following is a summary of property and equipment at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Automobiles and trucks	$ 2,722	$ 2,379
Building and improvements	44,325	44,324
Construction equipment	135,485	142,661
Vessels and other equipment	80,686	79,499
Office equipment	5,947	5,577
	269,165	274,440
Less: Accumulated depreciation	(185,883)	(186,615)
Net book value of depreciable assets	83,282	87,825
Construction in progress	1,734	1,809
Land	35,863	35,863
	$ 120,879	$ 125,497

For the three months ended March 31, 2021 and 2020, depreciation expense was $5.3 million and $5.7 million, respectively. Substantially all depreciation expense is included in the cost of contract revenue in the Company's Condensed Consolidated Statements of Operations. Substantially all of the assets of the Company are pledged as collateral under the Company's Credit Agreement (as defined in Note 11).

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

See Note 2 to the Company's condensed consolidated financial statements for further discussion of property and equipment.

7. Other Current Accounts Receivable

Other current accounts receivable at March 31, 2021 and December 31, 2020 consisted of the following:

	March 31, 2021	December 31, 2020
Insurance claims receivable	$ 54,922	$ 57,021
Accident loss receivables	1,206	1,448
Other current receivables	1,025	1,023
Total other current accounts receivable	$ 57,153	$ 59,492

8. Fair Value

Recurring Fair Value Measurements

The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties. Due to their short-term nature, the Company believes that the carrying value of its accounts receivable, other current assets, accounts payable and other current liabilities approximate their fair values.

The Company classifies financial assets and liabilities into the following three levels based on the inputs used to measure fair value in the order of priority indicated:

- Level 1- fair values are based on observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2 - fair values are based on pricing inputs other than quoted prices in active markets for identical assets and liabilities and are either directly or indirectly observable as of the measurement date; and
- Level 3- fair values are based on unobservable inputs in which little or no market data exists.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value requires judgment and may affect the placement of assets and liabilities within the fair value hierarchy levels.

The following table sets forth by level within the fair value hierarchy the Company's recurring financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2021 and December 31, 2020:

		Fair Value Measurements		
	Carrying Value	**Level 1**	**Level 2**	**Level 3**
March 31, 2021				
Assets:				
Cash surrender value of life insurance policy	$ 3,256	—	3,256	—
Liabilities:				
Derivatives	$ 1,372	—	1,372	—
December 31, 2020				
Assets:				
Cash surrender value of life insurance policy	$ 3,169	—	3,169	—
Liabilities:				
Derivatives	$ 1,602	—	1,602	—

The Company's derivatives, which are comprised of interest rate swaps, are valued using a discounted cash flow analysis that incorporates observable market parameters, such as interest rate yield curves and credit risk adjustments that are necessary to reflect the probability of default by us or the counterparty. These derivatives are classified as a Level 2 measurement within the fair value hierarchy. See Note 11 for additional information on the Company's derivative instrument.

Our concrete segment has life insurance policies with a combined face value of $11.1 million as of March 31, 2021. The policies are invested in mutual funds and the fair value measurement of the cash surrender balance associated with these policies is determined using Level 2 inputs within the fair value hierarchy and will vary with investment performance. These assets are included in the "Other noncurrent" asset section in the Company's Condensed Consolidated Balance Sheets.

Non-Recurring Fair Value Measurements

The Company generally applies fair value valuation techniques on a non-recurring basis associated with (1) valuing assets and liabilities acquired in connection with business combinations and other transactions; (2) valuing potential impairment loss related to long-lived assets; and (3) valuing potential impairment loss related to the infinite-lived intangible asset.

Other Fair Value Measurements

The fair value of the Company's debt at March 31, 2021 and December 31, 2020 approximated its carrying value of $28.9 million and $35.1 million, respectively, as interest is based on current market interest rates for debt with similar risk and maturity. If the Company's debt was measured at fair value, it would have been classified as Level 2 in the fair value hierarchy.

9. Goodwill and Intangible Assets

Intangible assets

The tables below present the activity and amortizations of finite-lived intangible assets:

	March 31, 2021	December 31, 2020
Finite-lived intangible assets, beginning of period	$ 35,240	$ 35,240
Additions	—	—
Total finite-lived intangible assets, end of period	$ 35,240	$ 35,240
Accumulated amortization, beginning of period	$ (32,055)	$ (29,985)
Current year amortization	(380)	(2,070)
Total accumulated amortization	(32,435)	(32,055)
Net finite-lived intangible assets, end of period	$ 2,805	3,185
Infinite-lived intangible assets	6,892	6,892
Total net intangible assets	$ 9,697	$ 10,077

Remaining net finite-lived intangible assets were acquired as part of the purchase of TAS during 2015 and TBC during 2017 and included customer relationships. Customer relationships were valued at approximately $18.8 million and are being amortized over eight years using an accelerated method based on the pattern in which the economic benefits of the assets are consumed. For the three months ended March 31, 2021, $0.4 million of amortization expense was recognized for these assets.

Future expense remaining of approximately $2.8 million will be amortized as follows:

2021	1,140
2022	1,239
2023	389
2024	37
	$ 2,805

Additionally, the Company has one indefinite-lived intangible asset, a trade name, which is tested for impairment annually on October 31, or whenever events or circumstances indicate that the carrying amount of the trade name may not be recoverable. Impairment is calculated as the excess of the trade name's carrying value over its fair value. The fair value of the trade name is determined using the relief from royalty method, a variation of the income approach. This method assumes that if a company owns intellectual property it does not have to "rent" the asset and is, therefore, "relieved" from paying a royalty. Once a supportable royalty rate is determined, the rate is then applied to the projected revenues over the expected remaining life of the intangible assets to estimate the royalty savings. This approach is dependent on a number of factors, including estimates of future growth and trends, royalty rates, discount rates and other variables. The most recent annual impairment test concluded that the fair value of the trade name was in excess of the carrying value, therefore no impairment was recorded.

10. Accrued Liabilities

Accrued liabilities at March 31, 2021 and December 31, 2020 consisted of the following:

	March 31, 2021	December 31, 2020
Accrued salaries, wages and benefits	$ 11,434	$ 15,071
Accrual for insurance claims liabilities	59,208	60,365
Sales taxes	4,318	5,909
Property taxes	482	908
Sale-leaseback arrangement	821	676
Accounting and audit fees	258	344
Interest	22	22
Equipment purchase	115	461
Other accrued expenses	1,043	881
Total accrued liabilities	$ 77,701	$ 84,637

11. Long-term Debt and Line of Credit

The Company entered into an amended syndicated credit agreement (the "Credit Agreement" also known as the "Fourth Amendment") on July 31, 2018 with Regions Bank, as administrative agent and collateral agent, and the following co-syndication agents: Bank of America, N.A., BOKF, NA dba Bank of Texas, KeyBank National Association, NBH Bank, IBERIABANK, Trustmark National Bank, First Tennessee Bank NA, and Branch Banking and Trust Company. The Credit Facility matures on July 31, 2023.

The Credit Agreement, which may be amended from time to time, provides for borrowings under a revolving line of credit and a term loan (together, the "Credit Facility"). The Credit Facility is guaranteed by the subsidiaries of the Company, secured by the assets of the Company, including stock held in its subsidiaries, and may be used to finance general corporate and working capital purposes, to finance capital expenditures, to refinance existing indebtedness, to finance permitted acquisitions and associated fees, and to pay for all related expenses to the Credit Facility. Interest is due and is computed based on the designation of the loan, with the option of a Base Rate Loan (the base rate plus the Applicable Margin), or an Adjusted LIBOR Rate Loan (the adjusted LIBOR rate plus the Applicable Margin). Interest is due on the last day of each quarter end for Base Rate Loans and at the end of the LIBOR rate period for Adjusted LIBOR Rate Loans. Principal balances drawn under the Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty. Amounts repaid under the revolving line of credit may be re-borrowed.

Total debt issuance costs for the Fourth Amendment, which included underwriter fees, legal fees and syndication fees were approximately $0.9 million and were capitalized as non-current deferred charges and amortized using the effective interest rate method over the duration of the loan. Additionally, the Company executed the Fifth Amendment during March 2019, which was made effective as of December 31, 2018, and executed the Sixth Amendment during May 2019. The Company incurred additional debt issuance costs of approximately $0.6 million and $0.9 million respectively for the Fifth and Sixth Amendments. With the execution of the aforementioned Sixth Amendment, $50.0 million of the existing revolving line of credit was modified and accounted for under guidelines of ASC 470-50, Debt, Modifications and Extinguishments, and a pro-rated portion of unamortized debt issuance costs of approximately $0.4 million was recognized as interest expense as of May 2019. The remaining debt issuance costs of approximately $0.9 million related to the Fourth, Fifth, and Sixth Amendments will be amortized over the duration of the loan.

The Company entered into a new syndicated credit agreement (the “364-Day Revolving Credit Facility”) on June 8, 2020 with Regions Bank, as administrative agent and collateral agent, and the following co-syndication agents: Bank of America, N.A. and BOKF, NA dba Bank of Texas. Concurrent with this the Company executed an amendment to the Credit Agreement with its existing lenders (“also known as the “Seventh Amendment”) for the sole intent and outcome of executing the 364-Day Revolving Credit Facility.

The 364-Day Revolving Credit Facility, which may be amended from time to time, provides for borrowings under a new revolving line of credit. The 364-Day Revolving Credit Facility is guaranteed by the subsidiaries of the Company, secured by the assets of the Company, including stock held in its subsidiaries, and may be used to finance general corporate and working capital purposes, to finance Permitted Acquisitions, and to pay transaction fees, costs and expenses related to the consummation of the Seventh Amendment. Interest is due and is computed based on the designation of the loan, with the option of a Base Rate Loan (the base rate plus the Applicable Margin), or an Adjusted LIBOR Rate Loan (the adjusted LIBOR rate plus the Applicable Margin). Interest is due on the last day of each quarter end for Base Rate Loans and at the end of the LIBOR rate period for Adjusted LIBOR Rate Loans. Principal balances drawn under the 364- Day Revolving Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty. Amounts repaid under the 364-Day Revolving Credit Facility may be re-borrowed. The 364-Day Revolving Credit Facility matures on June 7, 2021.

Total debt issuance costs for the 364-Day Revolving Credit Facility, which included underwriter fees, legal fees and syndication fees were approximately $0.4 million and were capitalized as current deferred charges and will be amortized over the duration of the loan. To date the Company has had no borrowings under the 364-Day Revolving Credit Facility.

Effective, October 9, 2020, the Company entered into an amendment (the "Eighth Amendment") to its syndicated credit agreement (the "Credit Agreement" , with Regions Bank, as Administrative Agent and Collateral Agent and Bank of America, N.A., BOKF, NA dba Bank of Texas, Iberiabank, NBH Bank, Truist

Bank, and Trustmark National Bank, as Lenders. The Eighth Amendment provides for administrative revisions to the Credit Agreement, including changes to repayment requirements for involuntary asset dispositions and changes to the timing of repayment for voluntary asset dispositions.

The quarterly weighted average interest rate for the Credit Facility as of March 31, 2021 was 2.48%.

The Company's obligations under debt arrangements consisted of the following:

	March 31, 2021			December 31, 2020		
	Principal	Debt Issuance Costs(1)	Total	Principal	Debt Issuance Costs(1)	Total
Term loan - current	$ 4,500	$ (152)	$ 4,348	$ 4,500	$ (156)	$ 4,344
Total current debt	4,500	(152)	4,348	4,500	(156)	4,344
Revolving line of credit	—	—	—	5,000	(174)	4,826
Term loan - long-term	24,431	(828)	23,603	25,586	(889)	24,697
Total long-term debt	24,431	(828)	23,603	30,586	(1,063)	29,523
Total debt	$ 28,931	$ (980)	$ 27,951	$ 35,086	$ (1,219)	$ 33,867

(1) Total debt issuance costs include underwriter fees, legal fees and syndication fees and fees related to the execution of the Fourth, Fifth, Sixth, Seventh and Eighth Amendments to the Credit Agreement.

Provisions of the revolving line of credit

The Company has a maximum borrowing availability under the revolving line of credit and swingline loans (as defined in the Credit Agreement) of $50.0 million. There is a letter of credit sublimit that is equal to the lesser of $20.0 million and the aggregate unused amount of the revolving commitments then in effect. There is also a swingline sublimit equal to the lesser of $5.0 million and the aggregate unused amount of the revolving commitments then in effect.

Revolving loans may be designated as Base Rate Loan or Adjusted LIBOR Rate Loans, at the Company's request, and must be drawn in an aggregate minimum amount of $1.0 million and integral multiples of $250,000 in excess of that amount. Swingline loans must be drawn in an aggregate minimum amount of $250,000 and integral multiples of $50,000 in excess of that amount. The Company may convert, change, or modify such designations from time to time.

The Company is subject to a commitment fee for the unused portion of the maximum borrowing availability under the revolving line of credit. The commitment fee, which is due quarterly in arrears, is equal to the Applicable Margin of the actual daily amount by which the Aggregate Revolving Commitments exceeds the Total Revolving Outstanding. The revolving line of credit termination date is the earlier of the Credit Facility termination date, July 31, 2023, or the date the outstanding balance is permanently reduced to zero, in accordance with the terms of the amended Credit Facility.

The maturity date for amounts drawn under the revolving line of credit is the earlier of the Facility termination date of July 31, 2023, or the date the outstanding balance is permanently reduced to zero.

As of March 31, 2021 the Company had no borrowing under the revolving line of credit. There were $1.7 million in outstanding letters of credit as of March 31, 2021, which reduced the maximum borrowing availability on the revolving line of credit to $48.3 million. During the three months ended March 31, 2021, the

Company drew down $5.0 million for general corporate purposes and made payments of $10.0 million on the revolving line of credit which resulted in a net decrease of $5.0 million.

Provisions of the 364-day revolving credit facility

The Company has a maximum borrowing availability under the 364-Day Revolving Credit Facility of $20.0 million. Borrowings may be designated as Base Rate Loan or Adjusted LIBOR Rate Loans, at the Company's request, and must be drawn in an aggregate minimum amount of $1.0 million and integral multiples of $250,000 in excess of that amount. The Company may convert, change, or modify rate designations from time to time.

The Company is subject to a commitment fee for the unused portion of the maximum borrowing availability under the 364-Day Revolving Credit Facility. The commitment fee, which is due quarterly in arrears, is equal to the Applicable Margin of the actual daily amount by which the Aggregate Revolving Commitments exceeds the Total Revolving Outstanding.

As of March 31, 2021, there were no outstanding borrowings under the 364-Day Revolving Credit Facility.

Provisions of the term loan

The original principal amount of $60.0 million for the term loan commitment is paid off in quarterly installment payments (as stated in the Credit Agreement). At March 31, 2021, the outstanding term loan component of the Credit Facility totaled $28.9 million and was secured by specific assets of the Company.

The table below outlines the total remaining payment amounts annually for the term loan through maturity of the Credit Facility:

2021	3,375
2022	5,250
2023	20,306
	$ 28,931

During the three months ended March 31, 2021 the Company made the scheduled quarterly principal payment of $1.2 million, which reduced the outstanding principal balance to $28.9 million as of March 31,2021. The current portion of debt is $4.5 million, and the non-current portion is $24.4 million. As of March 31, 2021, the term loan was designated as an Adjusted LIBOR Rate Loan with an interest rate of 2.38%.

Financial covenants

Restrictive financial covenants under the Credit Facility include:

- A consolidated Fixed Charge Coverage Ratio to not be less than the following during each noted period:
  - Fiscal Quarter Ending December 31, 2019 and each Fiscal Quarter thereafter, to not be less than 1.25 to 1.00.
- A consolidated Leverage Ratio to not exceed the following during each noted period:
  - Fiscal Quarter Ending March 31, 2020 and each Fiscal Quarter thereafter, to not exceed 3.00 to 1.00.

In addition, the Credit Facility contains events of default that are usual and customary for similar arrangements, including non-payment of principal, interest or fees; breaches of representations and warranties that are not timely cured; violation of covenants; bankruptcy and insolvency events; and events constituting a change of control.

The Company was in compliance with all financial covenants as of March 31, 2021.

Derivative Financial Instruments

On September 16, 2015, the Company entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments on 50% of the aggregate principal amount of the Regions Term Loan outstanding, beginning with a notional amount of $67.5 million. There was a total of five sequential interest rate swaps to achieve the hedged position and each year on August 31, with the exception of the final swap, the existing interest rate swap was scheduled to expire and be immediately replaced with a new interest rate swap until the expiration of the final swap on July 31, 2020. On December 6, 2018, the Company entered into a sixth receive-variable, pay-fixed interest rate swap to hedge the variability of interest payments. The sixth swap began with a notional amount of $27.0 million on July 31, 2020 and hedges the variability in the interest payments on the aggregate scheduled principal amount of the Regions Term Loan outstanding. The sixth swap is scheduled to expire on July 31, 2023. At inception, these interest rate swaps were designated as cash flow hedges for hedge accounting, and as such, the effective portion of unrealized changes in market value are recorded in other comprehensive income (loss) and reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings. The change in fair market value of the swaps for the comparative periods ended March 31, 2021 and March 31, 2020, as reflected in accumulated other comprehensive loss in the Condensed Consolidated Statements of Stockholders' Equity, is approximately $(0.2) million and $1.0 million. The fair market value of the swaps as of March 31, 2021 is reflected as a liability of $1.4 million on the Condensed Consolidated Balance Sheets. See Note 8 for more information regarding the fair value of the Company's derivative instruments.

12. Other Long-Term Liabilities

Other long-term liabilities at March 31, 2021 and December 31, 2020 consisted of the following:

	March 31, 2021	December 31, 2020
Sale-leaseback arrangement	$ 16,532	$ 16,712
CARES Act deferred payroll taxes	3,821	—
Deferred compensation	2,853	2,818
Accrual for insurance claims liabilities	307	307
Total other long-term liabilities	$ 23,513	$ 19,837

Sale-Leaseback Arrangement

On September 27, 2019, the Company entered into a purchase and sale agreement (the “Purchase and Sale Agreement”). Pursuant to the terms of the Purchase and Sale Agreement, the Company sold its 17300 & 17140 Market Street location in Channelview, Texas (the “Property”) for a purchase price of $19.1 million. Concurrent with the sale of the Property, the Company entered into a fifteen-year lease agreement (the “Lease Agreement”), whereby the Company will lease back the Property at an annual rental rate of approximately $1.5 million, subject to annual rent increases of 2.0%. Under the Lease Agreement, the Company has two consecutive options to extend the term of the Lease by ten years for each such option. This transaction was recorded as a failed sale-leaseback. The Company recorded a liability for the amounts received, will continue to depreciate the non-land portion of the asset, and has imputed an interest rate so that the net carrying amount of the financial liability and remaining assets will be zero at the end of the initial lease term. Concurrently with the sale, the Company paid $18.2 million towards the Term loan portion of the Company’s Credit Facility, consistent with terms of the Sixth Amendment.

CARES Act

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) which among other things includes an optional payment deferral of the employer's portion of the Social Security taxes that were otherwise due through December 31, 2020. The Company elected to defer payments of approximately $7.6 million with $3.8 million due December 2021 reflected in accrued liabilities included in the Company’s Condensed Consolidated Balance Sheets and the remaining $3.8 million due December 2022 reflected in other long-term liabilities in the Company’s Condensed Consolidated Balance Sheets.

13. Income Taxes

The Company’s effective tax rate is based on expected income, statutory rates and tax planning opportunities available to it. For interim financial reporting, the Company estimates its annual tax rate based on projected taxable income for the full year and records a quarterly tax provision in accordance with the anticipated annual rate.

Income tax expense included in the Company's accompanying Condensed Consolidated Statements of Operations was as follows (in thousands, except percentages):

	Three months ended March 31,	
	2021	2020
Income tax expense	$ 150	$ 377
Effective tax rate	13.9 %	12.2 %

The effective rate for the three months ended March 31, 2021 differed from the Company's statutory federal rate of 21% primarily due to the movement in the valuation allowance for current year activity, state income taxes and the non-deductibility of other permanent items.

During the year ended December 31, 2020 the Company assessed the realizability of its deferred tax assets and determined that it was more likely than not that some portion or all the deferred tax assets would not be realized and therefore recorded a valuation allowance on the net deferred tax assets. The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. The Company considers the scheduled reversal of deferred tax liabilities, available carryback periods, and tax-planning strategies in making this assessment. For the period ended March 31, 2021 the Company evaluated all positive and negative evidence in determining the amount of deferred tax assets more likely than not to be realized. Based on the review of available evidence, Management believes that a valuation allowance on the net deferred tax assets at March 31, 2021 remains appropriate.

The Company does not expect that unrecognized tax benefits as of March 31, 2021 for certain federal income tax matters will significantly change due to any settlement and/or expiration of statutes of limitations over the next 12 months. The final outcome of these tax positions is not yet determinable. The Company's uncertain tax benefits, if recognized, would affect the Company's effective tax rate.

14. Earnings Per Share

Basic earnings per share is based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is based on the weighted average number of common shares outstanding as well as the effect of all dilutive common stock equivalents during each period net income is generated. For the three months ended March 31, 2021 and 2020, the Company had 915,489 and 1,458,225 securities, respectively, that were potentially dilutive in earnings per share calculations. Such dilution is dependent on the excess of the market price of our stock over the exercise price and other components of the treasury stock method. The exercise price for certain stock options awarded by the Company exceeded the average market price of the Company's common stock for the three months ended March 31, 2021 and 2020. Such stock options are antidilutive and are not included in the computation of earnings per share for those periods.

The following table reconciles the denominators used in the computations of both basic and diluted earnings per share:

	Three months ended March 31, 2021	2020
Basic:		
Weighted average shares outstanding	30,465,475	29,653,409
Diluted:		
Total basic weighted average shares outstanding	30,465,475	29,653,409
Effect of potentially dilutive securities:		
Common stock options	34,503	2,148
Total weighted average shares outstanding assuming dilution	30,499,978	29,655,557

15. Stock-Based Compensation

The Compensation Committee of the Company's Board of Directors is responsible for the administration of the Company's stock incentive plans, which include the balance of shares remaining under the 2011 Long Term Incentive Plan (the "2011 LTIP") and 2017 Long Term Incentive Plan (the "2017 LTIP"), which was approved by shareholders in May 2017 and authorized the maximum aggregate number of shares to be issued of 2,400,000. In general, the Company's 2017 LTIP provides for grants of restricted stock and stock options to be issued with a per-share price equal to the fair market value of a share of common stock on the date of grant. Option terms are specified at each grant date but generally are 10 years from the date of issuance. Options generally vest over a three to five-year period.

The Company applies a 3.2% and a 5.5% forfeiture rate, which is compounded over the vesting terms of the individual award, to its restricted stock and option grants, respectively, based on historical analysis.

In the three months ended March 31, 2021 and 2020, compensation expense related to stock-based awards outstanding was $0.4 million and $0.5 million, respectively. In the three months ended March 31, 2021 and 2020, payments related to tax withholding for stock-based compensation for certain officers and directors of the Company was less than $0.1 million and none, respectively.

In the three months ended March 31, 2021, there were 23,755 options exercised generating proceeds to the Company of approximately $0.1 million. In the three months ended March 31, 2020, there were no options exercised.

At March 31, 2021, total unrecognized compensation expense related to unvested stock and options was approximately $2.0 million, which is expected to be recognized over a period of approximately two years.

16. Commitments and Contingencies

On August 21, 2020, a Company dredge, the Waymon L. Boyd, was consumed by a fire while working on a project in the Port of Corpus Christi. Five crewmembers were killed, several more were injured, some seriously, and the vessel was declared a total loss. This incident also resulted in the discharge of approximately 18,000 gallons of oil, diesel fuel and contaminated water into the Corpus Christi Ship Channel, all of which was promptly cleaned up. The Company is fully cooperating with the U.S. Coast Guard, the Port of Corpus Christi Authority, and the National Transportation Safety Board, among others, while they investigate the cause of this incident. The National Transportation Safety Board has named the Company as a party of interest in their investigation. Thus far, eight separate lawsuits have been filed against the Company by certain crewmembers or their heirs under the general maritime law and the Jones Act. In response thereto, the Company has filed an action in the U.S. District Court for the Southern District of Texas seeking consolidation of the lawsuits for procedural purposes since they all arise out of the same occurrence and seeking exoneration from or limitation of liability relating to the foregoing incident as provided for in the federal rules of procedure for maritime claims. The Limitation Court set a deadline of February 17, 2021 by which all claims must be filed and as of the Court's deadline, thirteen persons, estates and/or entities filed claims in the Limitation for personal injuries, death, property damages and business interruption, loss of profit, loss of use of natural resources and other economic damages for unspecified economic and compensatory damages. Some of these claimants may not have standing to bring their claims and will be challenged. Further, the Company filed a Default Motion with the Court which was granted on April 8, 2021 and as such bars the filing of any further claims. Applicable accounting guidance under ASC 450 would require the Company to recognize a loss if the loss is determined to be probable and reasonably estimable. As at March 31, 2021, the Company has recognized $72.2 million in total obligations to date, which includes approximately $18.0 million paid to date to claimants (including nine of 18 crewmembers) and accruals totaling approximately $54.2 million. However, this is a multi-party, complex tort proceeding, and it is too early in the proceedings for the Company to establish loss accruals in regard to the balance of the claims. In any event, insurance coverage is available and the carriers of such insurance have taken over the costs of the defense of the claims and have reimbursed the Company $17.1 million to date. In addition, the Company continues to believe that it has adequate insurance coverage for all pollution, marine, economic and other potential liabilities arising from the incident. The Company is also confident that it otherwise has adequate vessels, equipment and personnel to fulfill all ongoing, booked and reasonably foreseeable work.

In addition, the Company is involved in various other legal and other proceedings which are incidental to the conduct of its business, none of which in the opinion of management will have a material effect on the Company's financial condition, results of operations or cash flows. Management believes that it has recorded adequate accrued liabilities and believes that it has adequate insurance coverage or has meritorious defenses for these other claims and contingencies.

A legal matter was settled in the Company's favor for $5.5 million during the first quarter of 2018. Settlement amounts were recorded in Other gain from continuing operations in the Condensed Consolidated Statement of Operations, Prepaid expenses and other (current portion of the notes receivable) and Other non-current assets (non-current portion of the notes receivable) in the Condensed Consolidated Balance Sheets. As of March 31, 2021, the current portion of the notes receivable was $0.8 million and the non-current portion was $1.6 million, net of $0.2 million of unamortized discount. Legal fees related to this matter were expensed as incurred during the respective reporting period.

17. Segment Information

The Company currently operates in two reportable segments: marine and concrete. The Company's financial reporting systems present various data for management to run the business, including profit and loss statements prepared according to the segments presented. Management uses operating income to evaluate performance between the two segments. Segment information for the periods presented is provided as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Marine		
Contract revenues	$ 72,146	$ 85,949
Operating income	(9)	2,855
Depreciation and amortization expense	(4,358)	(4,776)
Total assets	$ 268,345	$ 255,311
Property and equipment, net	106,071	112,384
Concrete		
Contract revenues	$ 81,163	$ 80,671
Operating income	2,064	1,510
Depreciation and amortization expense	(2,127)	(2,116)
Total assets	$ 126,510	$ 129,509
Property and equipment, net	14,808	16,731

There were less than $0.1 million and $2.3 million in intersegment revenues between the Company's two reportable segments for the three months ended March 31, 2021 and 2020, respectively. The marine segment had foreign revenues of $2.4 million and $4.0 million for the three months ended March 31, 2021 and 2020, respectively. These revenues are derived from projects in the Caribbean Basin and Mexico and are paid primarily in U.S. dollars. There was no foreign revenue for the concrete segment.

18. Leases

The Company has operating and finance leases for office space, equipment and vehicles.

Leases recorded on the balance sheet consists of the following:

Leases	March 31, 2021	December 31, 2020
Assets		
Operating lease right-of-use assets, net (1)	$ 17,480	$ 18,874
Financing lease right-of-use assets, net (2)	12,097	12,858
Total assets	$ 29,577	$ 31,732
Liabilities		
Current		
Operating	$ 4,777	$ 4,989
Financing	2,878	3,901
Total current	7,655	8,890
Noncurrent		
Operating	13,512	14,537
Financing	8,680	8,376
Total noncurrent	22,192	22,913
Total liabilities	$ 29,847	$ 31,803

(1) Operating lease right-of-use assets are recorded net of accumulated amortization of $10.0 million and $9.0 million as of March 31, 2021 and December 31, 2020, respectively.

(2) Financing lease right-of-use assets are recorded net of accumulated amortization of $5.1 million and $6.4 million as of March 31, 2021 and December 31, 2020, respectively.

Other information related to lease term and discount rate is as follows:

	March 31, 2021	December 31, 2020
Weighted Average Remaining Lease Term (in years)		
Operating leases	5.22	5.25
Financing leases	5.17	4.96
Weighted Average Discount Rate		
Operating leases (1)	4.74 %	4.73 %
Financing leases	4.39 %	4.46 %

(1) Upon adoption of the new lease standard, discount rates used for existing operating leases were established on January 1, 2019.

The components of lease expense are as follows:

	Three Months Ended March 31, 2021	2020
Operating lease costs:		
Operating lease cost	$ 1,654	$ 1,614
Short-term lease cost (1)	690	1,161
Financing lease costs:		
Interest on lease liabilities	126	106
Amortization of right-of-use assets	781	700
Total lease cost	$ 3,251	$ 3,581

(1) Includes expenses related to leases with a lease term of more than one month but less than one year.

Supplemental cash flow information related to leases is as follows:

	Three Months Ended March 31, 2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 1,498	$ 1,585
Operating cash flows for finance leases	$ 126	$ 106
Financing cash flows for finance leases	$ 732	$ 942
Non-cash activity:		
ROU assets obtained in exchange for new operating lease liabilities	$ 165	$ 2,076
ROU assets obtained in exchange for new financing lease liabilities	$ 752	$ 8,412

Maturities of lease liabilities are summarized as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2021 (excluding the three months ended March 31, 2021)	$ 4,184	$ 3,553
2022	4,313	1,530
2023	3,239	2,123
2024	2,530	1,563
2025	2,354	1,174
Thereafter	4,146	3,161
Total future minimum lease payments	20,766	13,104
Less - amount representing interest	2,477	1,546
Present value of future minimum lease payments	18,289	11,558
Less - current lease obligations	4,777	2,878
Long-term lease obligations	$ 13,512	$ 8,680

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

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Unless the context otherwise indicates, all references in this quarterly report to "Orion," "the Company," "we," "our," or "us" are to Orion Group Holdings, Inc. and its subsidiaries taken as a whole.

Certain information in this Quarterly Report on Form 10-Q, including but not limited to Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), may constitute forward-looking statements as such term is defined within the meaning of the "safe harbor" provisions of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

All statements other than statements of historical facts, including those that express a belief, expectation, or intention are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes.

We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control, including the duration of the COVID19 pandemic and the resiliency of the economy thereafter, unforeseen productivity delays and other difficulties encountered in project execution, levels of government funding or other governmental budgetary constraints, and contract cancellation at the discretion of the customer. These and other important factors, including those described under "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2020 ("2020 Form 10-K") may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. The forward-looking statements in this quarterly report on Form 10-Q speak only as of the date of this report; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly.

MD&A provides a narrative analysis explaining the reasons for material changes in the Company's (i) financial condition since the most recent fiscal year-end, and (ii) results of operations during the current fiscal year-to-date period and current fiscal quarter as compared to the corresponding periods of the preceding fiscal year. In order to better understand such changes, this MD&A should be read in conjunction with the Company's fiscal 2020 audited consolidated financial statements and notes thereto included in our 2020 Form 10-K, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2019 Form 10-K and with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this quarterly report.

Overview

Orion Group Holdings, Inc., its subsidiaries and affiliates (hereafter collectively referred to as the "Company"), provides a broad range of specialty construction services in the infrastructure, industrial and building sectors of the continental United States, Alaska, and the Caribbean Basin. The Company's marine segment services the infrastructure sector through marine transportation facility construction, marine pipeline construction, marine environmental structures, dredging of waterways, channels and ports, environmental dredging, design, and specialty services. Its concrete segment services the building sector by providing turnkey concrete construction services including pour and finish, dirt work, layout, forming, rebar, and mesh across the light commercial structural and other associated business areas. The Company is headquartered in Houston, Texas with offices throughout its operating areas.

Our contracts are obtained primarily through competitive bidding in response to “requests for proposals” by federal, state and local agencies and through negotiation and competitive bidding with private parties and general contractors. Our bidding activity and strategies are affected by such factors as our backlog, current utilization of equipment and other resources, job location, our ability to obtain necessary surety bonds and competitive considerations. The timing and location of awarded contracts may result in unpredictable fluctuations in the results of our operations.

Most of our revenue is derived from fixed-price contracts. We generally record revenue on construction contracts over time, measured by the percentage of actual contract costs incurred to date to total estimated costs for each contract. There are a number of factors that can create variability in contract performance and therefore impact the results of our operations. The most significant of these include the following:

- completeness and accuracy of the original bid;
- increases in commodity prices such as concrete, steel and fuel;
- customer delays, work stoppages, and other costs due to weather and environmental restrictions;
- availability and skill level of workers; and
- a change in availability and proximity of equipment and materials.

All of these factors can have a negative impact on our contract performance, which can adversely affect the timing of revenue recognition and ultimate contract profitability. We plan our operations and bidding activity with these factors in mind and they generally have not had a material adverse impact on the results of our operations in the past.

First Quarter 2021 Recap and 2021 Outlook

In the quarter ended March 31, 2021, we recorded revenues of $153.3 million, of which $72.1 million was attributable to our marine segment and the remaining $81.2 million to our concrete segment. In addition, we ended the quarter with a consolidated backlog of $364.8 million. Our revenues in the quarter decreased by 8.0% as compared with the comparable prior year period and we recorded net income of $0.9 million, as compared with net income of $2.7 million in the comparable prior year period.

Looking toward the balance of 2021, the Company continues to focus on developing opportunities across the infrastructure, industrial, and building sectors through organic growth, greenfield expansion, and strategic acquisition opportunities.

The spread of COVID-19 has impacted the global economy, leaving supply chains disrupted. As the world uses tactics like “social distancing” and “stay at home orders” to slow and stop the spread of COVID-19, demand destruction has led to increased unemployment and to the weakening of consumer confidence. Although to date the Company hasn’t experienced materially negative impacts from COVID-19, such as widespread project stoppage/cancelations or a slowdown/stoppage of accounts receivables collections, any delays in the timing of future awards could create gaps in the Company's project delivery schedule across quarterly periods.

Federal and State governments have increased spending as part of efforts to mitigate the impact of COVID-19 on the economy. The amount and timing of such spending will be directly impacted by the duration of required efforts to contain COVID-19 and the severity of the negative impacts created by the virus and its effect on the economy. Although little progress has been made to date and on a federal infrastructure bill, the Company will continue to track and monitor any developments on a federal infrastructure bill which could potentially create bid opportunities for the Company.

Marine Segment

Demand for our marine construction services continues, given our differentiated capabilities and service offering within the space. We continue to see bid opportunities to help maintain and expand the infrastructure that facilitates the movement of goods and people on or over waterways. However, we have some concerns about the short-term outlook for and are closely monitoring the short and long-term cruise line capital expenditures as their current demand has been severely impacted by COVID-19. Further, while we currently see bid opportunities from our private sector energy-related customers as they expand their marine facilities related to the storage, transportation and refining of domestically produced energy, we recognize that the timing of project awards may be impacted as a result of volatility of oil prices due to COIVD-19 related uncertainties. Over the long-term, we expect to see bid opportunities in this sector from petrochemical-related businesses, energy exporters, and liquefied natural gas facilities. Opportunities from local port authorities will also remain over the long-term, many of which are related to the widened Panama Canal. Additionally, bid opportunities related to coastal restoration funded through the Resource and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States Act (the "RESTORE Act") may arise into 2021. We believe our current equipment fleet will allow us to better meet market demand for projects from both our public and private customers.

In the long-term, we see positive trends in demand for our services in our end markets, including:

- Continuing need to repair and improve degrading U. S. marine infrastructure;
- Long-term demand from downstream energy-related companies will be driven by larger capital projects, as well as maintenance call-out work;
- Expected increases in cargo volume and future demands from larger ships transiting the Panama Canal will require ports along the Gulf Coast and Atlantic Seaboard to expand port infrastructure as well as perform additional dredging services;
- Possible work opportunities generated by the Water Resources Reform and Development Act (the "WRRDA Act") authorizing expenditures for the conservation and development of the nation's waterways as well as addressing funding deficiencies within the Harbor Maintenance Trust Fund;
- Renewed focus on coastal rehabilitation along the Gulf Coast, particularly through the use of RESTORE Act funds based on fines collected related to the 2010 Gulf of Mexico oil spill;
- Funding for highways and transportation under successor Acts to the FAST Act;
- Nearly $7 billion of federal funding provided by the USACE in connection with disaster recovery in Texas; and,

- Potential opportunities related to the impending federal infrastructure bill.

Concrete Segment

Demand for our concrete segment's services continues, although timing of certain new project releases could be delayed as a result of COVID-19 related macroeconomic impacts. We currently see long-term demand for our concrete construction services in the Texas building sector as Texas' four major metropolitan areas, and expanding suburbs, continuously retain their positions as leading destinations for population and business growth. Population growth throughout our markets continues to drive new distribution centers, education facilities, office expansion, retail and grocery establishments, new multi-family housing units, and structural towers for business, residential or mixed-use purposes. The diversified Texas economy provides us with multiple sources of bid opportunities. Additional demand for concrete services in our markets could be provided by work as part of a federal infrastructure bill.

In the long-term, we see positive trends in demands for our services in our end markets, including:

- Population growth in the state of Texas driven by corporate relocations;
- Continued investment in warehouse/distribution space in the Dallas-Fort Worth region;
- COVID-19 driven shift of populous moving from the inner cities to suburban areas;
- Nearly $7 billion of federal funding provided by the USACE in connection with disaster recovery in Texas; and,
- Potential opportunities related to the impending federal infrastructure bill.

Consolidated Results of Operations

Backlog Information

Our contract backlog represents our estimate of the revenues we expect to realize under the portion of contracts remaining to be performed. Given the typical duration of our contracts, which is generally less than a year, our backlog at any point in time usually represents only a portion of the revenue that we expect to realize during a twelve-month period. We have not been adversely affected by contract cancellations or modifications in the past, we may be in the future, especially in economically uncertain periods.

Backlog as of the periods ended below are as follows (in millions):

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Marine segment	$ 154.8	$ 202.6	$ 241.7	$ 312.2	$ 344.6
Concrete segment	210.0	236.9	187.1	216.2	247.3
Consolidated	$ 364.8	$ 439.5	$ 428.8	$ 528.4	$ 591.9

A previously reported backlog amount has been adjusted in the accompanying table to correct for a clerical error in the underlying calculation file, as to which steps have been taken to prevent a recurrence. Accordingly, reported backlog has been reduced by $17.6 million for the period ended March 31, 2020. The recent trend of declining backlog is due in significant part to headwinds created by the COVID-19 pandemic in certain end market sectors. We, however, remain optimistic in our end-markets and in the opportunities that are emerging across our various market places as evidenced by the $1.9 billion of quoted bids outstanding at quarter end, of which $134 million we are the apparent low bidder on or have been awarded contracts subsequent to the end of the quarter ended March 31, 2021.

These estimates are subject to fluctuations based upon the scope of services to be provided, as well as factors affecting the time required to complete the project. Backlog is not necessarily indicative of future results. In addition to our backlog under contract, we also have a substantial number of projects in negotiation or pending award at any given time.

Three months ended March 31, 2021, compared with three months ended March 31, 2020

	Three months ended March 31,			
	2021		2020	
	Amount	Percent	Amount	Percent
	(dollar amounts in thousands)			
Contract revenues	$ 153,309	100.0 %	$ 166,620	100.0 %
Cost of contract revenues	137,854	89.9 %	146,862	88.1 %
Gross profit	15,455	10.1 %	19,758	11.9 %
Selling, general and administrative expenses	14,630	9.6 %	15,869	9.6 %
Amortization of intangible assets	380	0.2 %	516	0.3 %
Gain on disposal of assets, net	(1,610)	(1.0)%	(992)	(0.6)%
Operating income	2,055	1.3 %	4,365	2.6 %
Other (expense) income:				
Other income	37	— %	97	0.1 %
Interest income	26	— %	40	— %
Interest expense	(1,040)	(0.6)%	(1,402)	(0.8)%
Other expense, net	(977)	(0.6)%	(1,265)	(0.7)%
Income before income tax expense	1,078	0.7 %	3,100	1.9 %
Income tax expense	150	0.1 %	377	0.3 %
Net income	$ 928	0.6 %	$ 2,723	1.6 %

Contract Revenues. Contract revenues for the three months ended March 31, 2021 of $153.3 million decreased $13.3 million or 8.0% as compared to $166.6 million in the prior year period. The decrease was primarily driven by severe winter weather that shut down most of Texas for seven to ten days in the 2021 period and the timing and mix of projects in the marine segment in the prior period.

Gross Profit. Gross profit was $15.5 million for the three months ended March 31, 2021, compared to $19.8 million in the prior year period, a decrease of $4.3 million or 21.8%. Gross profit in the first quarter was 10.1% of total contract revenues as compared to 11.9% in the prior year period. The decrease in gross profit dollars and percentage was primarily driven by decreased equipment and labor utilization as the result of the aforementioned winter weather delays.

Selling, General and Administrative Expense. Selling, general and administrative ("SG&A") expenses were $14.6 million for the three months ended March 31, 2021 compared to $15.9 million in the prior year period. As a percentage of total contract revenues, SG&A expenses remained flat. The decrease in SG&A dollars was driven in part by reduced business development, based on timing of project pursuits, and travel related costs in the current year period.

Gain on Disposal of Assets, net. During the three months ended March 31, 2021 and 2020, we realized $1.6 million and $1.0 million, respectively, of net gains on disposal of assets.

Other Income, net of Expense. Other expense primarily reflects interest on our borrowings, partially offset by interest income and non-operating gains or losses.

Income Tax Expense. We recorded tax expense of $0.2 million in the three months ended March 31, 2021, compared to tax expense of $0.4 million in the prior year period. Our effective tax rate for the three months ended March 31, 2021 was 13.9%, which differs from the federal statutory rate of 21% primarily due to the movement in the valuation allowance for current year activity, state income taxes and the non-deductibility of other permanent items.

Segment Results

The following table sets forth, for the periods indicated, statements of operations data by segment, segment revenues as a percentage of consolidated revenues and segment operating (loss) income as a percentage of segment revenues:

Three months ended March 31, 2021 compared with three months ended March 31, 2020.

	Three months ended March 31,			
	2021		2020	
	Amount	Percent	Amount	Percent
	(dollar amounts in thousands)			
Contract revenues				
Marine segment				
Public sector	$ 41,669	57.8 %	$ 53,511	62.3 %
Private sector	30,477	42.2 %	32,438	37.7 %
Marine segment total	$ 72,146	100.0 %	$ 85,949	100.0 %
Concrete segment				
Public sector	$ 4,779	5.9 %	$ 16,052	19.9 %
Private sector	76,384	94.1 %	64,619	80.1 %
Concrete segment total	$ 81,163	100.0 %	$ 80,671	100.0 %
Total	$ 153,309		$ 166,620	
Operating income (loss)				
Marine segment	$ (9)	(0.0)%	$ 2,855	3.3 %
Concrete segment	2,064	2.5 %	1,510	1.9 %
Total	$ 2,055		$ 4,365	

Marine Segment

Revenues for our marine segment for the three months ended March 31, 2021 were $72.1 million compared to $85.9 million for the three months ended March 31, 2020, a decrease of $13.8 million, or 16.1%. The decrease was primarily attributable to the Texas winter storm and the timing and mix of projects.

Operating loss for our marine segment for the three months ended March 31, 2021 was less than $0.1 million, compared to operating income of $2.9 million for the three months ended March 31, 2020, a decrease of $2.9

million. This decrease in operating income was primarily due to the decrease in revenue, decreased equipment utilization and an increase in insurance premiums.

Concrete Segment

Revenues for our concrete segment for the three months ended March 31, 2021 were $81.2 million compared to $80.7 million for the three months ended March 31, 2021, an increase of $0.5 million, or 0.6%. This increase in revenue was primarily driven by an increase in production volume.

Operating income for our concrete segment for the three months ended March 31, 2021 was $2.1 million, compared to $1.5 million for the three months ended March 31, 2020, an increase of $0.6 million, or 36.7%. This increase in operating income was primarily due to an increase in effective project labor management.

Liquidity and Capital Resources

Our primary liquidity needs are to finance our working capital, fund capital expenditures, and pursue strategic acquisitions. Historically, our source of liquidity has been cash provided by our operating activities and borrowings under our credit facilities.

Changes in working capital are normal within our business given the varying mix in size, scope and timing of delivery of our projects. At March 31, 2021, our working capital was $60.7 million, as compared with $54.8 million at December 31, 2020. As of March 31, 2021, we had unrestricted cash on hand of $4.6 million. Our borrowing capacity at March 31, 2021 was approximately $68.3 million.

We expect to meet our future internal liquidity and working capital needs and maintain or replace our equipment fleet through capital expenditure purchases, leases and major repairs, from funds generated by our operating activities for at least the next 12 months. We believe our cash position is adequate for our general business requirements discussed above and to service our debt.

The following table provides information regarding our cash flows and our capital expenditures for the three months ended March 31, 2021 and 2020:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Net income	$ 928	$ 2,723
Adjustments to remove non-cash and non-operating items	6,895	8,582
Cash flow from net income after adjusting for non-cash and non-operating items	7,823	11,305
Change in operating assets and liabilities (working capital)	1,295	4,148
Cash flows provided by operating activities	$ 9,118	$ 15,453
Cash flows provided by (used in) investing activities	$ 772	$ (325)
Cash flows used in financing activities	$ (6,837)	$ (2,692)
Capital expenditures (included in investing activities above)	$ (1,618)	$ (2,753)

Operating Activities. During the three months ended March 31, 2021, we generated approximately $9.1 million in cash from our operating activities. The net cash inflow is comprised of $7.8 million of cash inflows from net income, after adjusting for non-cash items and $1.3 million of cash inflows related to changes in net working capital. The changes in net working capital, which are reflected as changes in operating assets and liabilities in our Condensed Consolidated Statements of Cash Flows, were primarily driven by a $10.5 million inflow pursuant to the relative timing and significance of project progression and billings during the period and a $0.3 million inflow from other working capital items, partially offset by a $8.3 million outflow related to a decrease in our net position of accounts receivable and accounts payable plus accrued liabilities during the period and a $1.2 million decrease in operating lease liabilities during the period.

Investing Activities. Capital asset additions and betterments to our fleet were $1.6 million in the three months ended March 31, 2021, as compared with $2.8 million in the three months ended March 31, 2020.

The changes are primarily a result of the timing of purchase of capital assets.

Financing Activities.

During the three months ended March 31, 2021, we drew down $5.0 million from our revolving line of credit and repaid $10 million on our revolving line of credit, as well as made the regularly scheduled debt payments on the term loan of $1.2 million.

Sources of Capital

We entered into an amended syndicated credit agreement (the “Credit Agreement” also known as the “Fourth Amendment”) on July 31, 2018, with Regions Bank, as administrative agent and collateral agent, and the following co-syndication agents: Bank of America, N.A., BOKF, NA dba Bank of Texas, KeyBank National Association, NBH Bank, IBERIABANK, Trustmark National Bank, First Tennessee Bank NA, and Branch Baking and Trust Company. The primary purpose of the Credit Agreement was to provide the Company with greater flexibility as it provides for the calculation of Adjusted EBITDA that adds back various project specific costs. Additionally, we executed the Fifth Amendment during March 2019, which was made effective as of December 31, 2018, executed the Sixth Amendment during May 2019, executed the Seventh Amendment during June 2020 and executed the Eighth Amendment during October 2020.

The Credit Agreement, which may be amended from time to time, provides for borrowings under a revolving line of credit and a term loan (together, the “Credit Facility”). The Credit Facility is guaranteed by the subsidiaries of the Company, secured by the assets of the Company, including stock held in its subsidiaries, and may be used to finance general corporate and working capital purposes, to finance capital expenditures, to refinance existing indebtedness, to finance permitted acquisitions and associated fees, and to pay for all related expenses to the Credit Facility. Interest is computed based on the designation of the loan, with the option of a Base Rate Loan (the base rate plus the Applicable Margin), or an Adjusted LIBOR Rate Loan (the adjusted LIBOR rate plus the Applicable Margin). Interest is due on the last day of each quarter end for Base Rate Loans and at the end of the LIBOR rate period for Adjusted LIBOR Rate Loans. Principal balances drawn under the Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty. Amounts repaid under the revolving line of credit may be re-borrowed. The Credit Facility matures on July 31, 2023.

We entered into a new syndicated credit agreement (the “364-Day Revolving Credit Facility”) on June 8, 2020 with Regions Bank, as administrative agent and collateral agent, and the following co-syndication agents: Bank of America, N.A. and BOKF, NA dba Bank of Texas. Concurrent with this the Company executed an amendment to the Credit Agreement with its existing lenders (“also known as the “Seventh Amendment”) for the sole intent and outcome of executing the 364-Day Revolving Credit Facility.

The Company has a maximum borrowing availability under the 364-Day Revolving Credit Facility of $20.0 million. Borrowings may be designated as Base Rate Loan or Adjusted LIBOR Rate Loans, at the Company's request, and must be drawn in an aggregate minimum amount of $1.0 million and integral multiples of $250,000 in excess of that amount. The Company may convert, change, or modify rate designations from time to time.

The Company is subject to a commitment fee for the unused portion of the maximum borrowing availability under the 364-Day Revolving Credit Facility. The commitment fee, which is due quarterly in arrears, is equal to the Applicable Margin of the actual daily amount by which the Aggregate Revolving Commitments exceeds the Total Revolving Outstanding. We have not made any borrowings under 364-Day Revolving Credit Facility.

Effective, October 9, 2020, the Company entered into an amendment (the "Eighth Amendment") to its syndicated credit agreement (the "Credit Agreement" , with Regions Bank, as Administrative Agent and Collateral Agent and Bank of America, N.A., BOKF, NA dba Bank of Texas, Iberiabank, NBH Bank, Truist Bank, and Trustmark National Bank, as Lenders. The Eighth Amendment provides for administrative revisions to the Credit Agreement, including changes to repayment requirements for involuntary asset dispositions and changes to the timing of repayment for voluntary asset dispositions.

See Note 11 in the Notes to the Financial Statements (of this Form 10-Q) for further discussion on the Company's Debt.

Financial covenants

Restrictive financial covenants under the Credit Facility include:

- A consolidated Fixed Charge Coverage Ratio to not be less than the following during each noted period:
  -Fiscal Quarter Ending December 31, 2019 and each Fiscal Quarter thereafter, to not be less than 1.25 to 1.00.
- A consolidated Leverage Ratio to not exceed the following during each noted period:
  -Fiscal Quarter Ending March 31, 2020 and each Fiscal Quarter thereafter, to not exceed 3.00 to 1.00.

In addition, the Credit Facility contains events of default that are usual and customary for similar arrangements, including non-payment of principal, interest or fees; breaches of representations and warranties that are not timely cured; violation of covenants; bankruptcy and insolvency events; and events constituting a change of control.

The Company expects to meet its future internal liquidity and working capital needs and maintain or replace its equipment fleet through capital expenditure purchases, leases and major repairs, from funds generated by its operating activities for at least the next 12 months. The Company believes that its cash position and available borrowings together with cash flow from its operations is adequate for general business requirements and to service its debt. The Company was in compliance with all financial covenants as of March 31, 2021.

Derivative Financial Instruments

On September 16, 2015, the Company entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments on 50% of the aggregate principal amount of the Regions Term Loan outstanding, beginning with a notional amount of $67.5 million. There was a total of five sequential interest rate swaps to achieve the hedged position and each year on August 31, with the exception of the final swap, the existing interest rate swap was scheduled to expire and be immediately replaced with a new interest rate swap until the expiration of the final swap on July 31, 2020. On December 6, 2018, the Company entered into a sixth receive-variable, pay-fixed interest rate swap to hedge the variability of interest payments. The sixth swap began with a notional amount of $27.0 million on July 31, 2020 and hedges the variability in the interest payments on the aggregate scheduled principal amount of the Regions Term Loan outstanding. The sixth swap is scheduled to expire on July 31, 2023. At inception, these interest rate swaps were designated as cash flow hedges for hedge accounting, and as such, the effective portion of unrealized changes in market value are recorded in other comprehensive income (loss) and reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings. The change in fair market value of the swaps for the comparative periods ended March 31, 2021 and March 31, 2020, as reflected in accumulated other comprehensive loss in the Condensed Consolidated Statements of Stockholders' Equity, is approximately $(0.2) million and $1.0 million. The fair market value of the swaps as of March 31, 2021 is reflected as a liability of $1.4 million on the Condensed Consolidated Balance Sheets. See Note 8 for more information regarding the fair value of the Company's derivative instruments.

Sale-Leaseback Arrangement

On September 27, 2019, the Company entered into a purchase and sale agreement (the "Purchase and Sale Agreement"). Pursuant to the terms of the Purchase and Sale Agreement, the Company sold its 17300 & 17140 Market Street location in Channelview, Texas (the "Property") for a purchase price of $19.1 million. Concurrent with the sale of the Property, the Company entered into a fifteen-year lease agreement (the "Lease Agreement"), whereby the Company will lease back the Property at an annual rental rate of approximately $1.5 million, subject to annual rent increases of 2.0%. Under the Lease Agreement, the Company has two consecutive options to extend the term of the Lease by ten years for each such option. This transaction was recorded as a failed sale-leaseback. The Company recorded a liability for the amounts received, will continue to depreciate the non-land portion of the asset, and has imputed an interest rate so that the net carrying amount of the financial liability and remaining assets will be zero at the end of the initial lease term. Concurrently with the sale, the Company paid $18.2 million as an additional principal payment towards the Term loan portion of the Company's Credit Facility, consistent with terms of the Sixth Amendment.

Bonding Capacity

We are often required to provide various types of surety bonds that provide additional security to our customers for our performance under certain government and private sector contracts. Our ability to obtain surety bonds depends on our capitalization, working capital, past performance and external factors, including the capacity of the overall surety market. At March 31, 2021, the capacity under our current bonding arrangement was at least $500 million, with approximately $170 million of projects being bonded. We believe our strong balance sheet and working capital position will allow us to continue to access our bonding capacity.

Effect of Inflation

We are subject to the effects of inflation through increases in the cost of raw materials, and other items such as fuel, concrete and steel. Due to the relative short-term duration of our projects, we are generally able to include anticipated price increases in the cost of our bids.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, our results of operations are subject to risks related to fluctuations in commodity prices and fluctuations in interest rates. Historically, our exposure to foreign currency fluctuations has not been material and has been limited to temporary field accounts located in foreign countries where we perform work. Foreign currency fluctuations were immaterial in this reporting period.

Commodity price risk
We are subject to fluctuations in commodity prices for concrete, steel products and fuel. Although we routinely attempt to secure firm quotes from our suppliers, we generally do not hedge against increases in prices for commodity products. Commodity price risks may have an impact on our results of operations due to the fixed-price nature of many of our contracts, although the short-term duration of our projects may allow us to include price increases in the costs of our bids.

Interest rate risk
At March 31, 2021, we had $28.9 million in outstanding borrowings under our credit facility, with a weighted average ending interest rate of 2.38%. Also, we have entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments on the aggregate principal amount of the term loan component of the credit facility outstanding. At inception, these interest rate swaps were designated as cash flow hedges for hedge accounting. Our objectives in managing interest rate risk are to lower our overall borrowing costs and limit interest rate changes on our earnings and cash flows. To achieve this, we closely monitor changes in interest rates, and we utilize cash from operations to reduce our debt position, if warranted.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required, the Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information about litigation involving us, see Note 16 to the condensed consolidated financial statements in Part I of this report, which we incorporate by reference into this Item 1 of Part II.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, "Risk Factors", of our 2020 Form 10-K.

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

There were no sales of equity securities in the period ended March 31, 2021.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Orion Group Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed with the Securities and Exchange Commission on August 5, 2016 (File No. 001-33891)).
3.2	Amended and Restated Bylaws of Orion Group Holdings, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed with the Securities and Exchange Commission on August 5, 2016 (File No. 001-33891)).
*31 .1	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31 .2	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†32 .1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Title 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	XBRL Instance Document.
*101.SCH	Inline XBRL Taxonomy Extension Schema Document.
*101.CAL	Inline XBRL Extension Calculation Linkbase Document.
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
† Furnished herewith

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.

ORION GROUP HOLDINGS, INC.

April 30, 2021	By:/s/ Mark R. Stauffer
	Mark R. Stauffer President and Chief Executive Officer
April 30, 2021	By:/s/ Robert L. Tabb
	Robert L. Tabb Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a - 14(a)/15d - 14(a)
OF THE SECURITIES EXCHANGE ACT, AS AMENDED

I, Mark R. Stauffer, certify that:

1. I have reviewed this Form 10-Q of Orion Group Holdings, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Mark R. Stauffer

April 30, 2021

Mark R. Stauffer
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a - 14(a)/15d - 14(a)
OF THE SECURITIES EXCHANGE ACT, AS AMENDED**

I, Robert L. Tabb, certify that:

1. I have reviewed this Form 10-Q of Orion Group Holdings, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Robert L. Tabb
April 30, 2021
Robert L. Tabb
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**SECTION 1350 CERTIFICATIONS
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Orion Group Holdings, Inc (the “Company”) on Form 10-Q for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Mark R. Stauffer and Robert L. Tabb, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

	By: /s/ Mark R. Stauffer
April 30, 2021	Mark R. Stauffer
	President and Chief Executive Officer
	By: /s/ Robert L. Tabb
April 30, 2021	Robert L. Tabb
	Executive Vice President and Chief Financial Officer