

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, 2023

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 1-38494

ARCOSA

Arcosa, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

82-5339416

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

500 N. Akard Street, Suite 400

Dallas, Texas

(Address of principal executive offices)

75201

(Zip Code)

(972) 942-6500

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock (\$0.01 par value)	ACA	New York Stock Exchange

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

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

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

At April 14, 2023, the number of shares of common stock outstanding was 48,436,941.

ARCOSA, INC.

FORM 10-Q

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PART I

Item 1. Financial Statements

Arcosa, Inc. and Subsidiaries

Consolidated Statements of Operations

(unaudited)

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Revenues	\$ 549.2	\$ 535.8
Operating costs:		
Cost of revenues	440.6	439.7
Selling, general, and administrative expenses	62.5	62.6
Gain on disposition of property, plant, equipment, and other assets	(22.6)	(1.2)
Gain on sale of storage tanks business	(6.4)	—
	474.1	501.1
Total operating profit	75.1	34.7
Interest expense	7.1	7.2
Other, net (income) expense	(1.9)	0.9
Income before income taxes	69.9	26.6
Provision for income taxes	14.2	6.4
Net income	\$ 55.7	\$ 20.2
Net income per common share:		
Basic	\$ 1.15	\$ 0.42
Diluted	\$ 1.14	\$ 0.41
Weighted average number of shares outstanding:		
Basic	48.3	48.2
Diluted	48.8	48.8
Dividends declared per common share	\$ 0.05	\$ 0.05

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Net income	\$ 55.7	\$ 20.2
Other comprehensive income (loss):		
Derivative financial instruments:		
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of \$0.0 and \$0.4	0.1	1.6
Reclassification adjustments for (gains) losses included in net income, net of tax expense (benefit) of \$0.1 and (\$0.1)	(0.4)	0.5
Currency translation adjustment:		
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of \$0.0 and \$0.0	0.1	0.1
	(0.2)	2.2
Comprehensive income	\$ 55.5	\$ 22.4

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Balance Sheets

	March 31, 2023	December 31, 2022
	(unaudited)	
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 149.2	\$ 160.4
Receivables, net of allowance	393.6	334.2
Inventories:		
Raw materials and supplies	125.2	126.3
Work in process	70.8	59.2
Finished goods	132.3	130.3
	328.3	315.8
Other	41.8	46.4
Total current assets	912.9	856.8
Property, plant, and equipment, net	1,209.7	1,199.6
Goodwill	976.5	958.5
Intangibles, net	250.9	256.1
Deferred income taxes	9.6	9.6
Other assets	57.5	60.0
	\$ 3,417.1	\$ 3,340.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 205.8	\$ 190.7
Accrued liabilities	115.7	121.8
Advance billings	44.0	40.5
Current portion of long-term debt	14.9	14.7
Total current liabilities	380.4	367.7
Debt	535.0	535.9
Deferred income taxes	183.0	175.6
Other liabilities	75.5	77.0
	1,173.9	1,156.2
Stockholders' equity:		
Common stock – 200.0 shares authorized	0.5	0.5
Capital in excess of par value	1,690.3	1,684.1
Retained earnings	568.8	515.5
Accumulated other comprehensive loss	(15.9)	(15.7)
Treasury stock	(0.5)	—
	2,243.2	2,184.4
	\$ 3,417.1	\$ 3,340.6

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Operating activities:		
Net income	\$ 55.7	\$ 20.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	38.8	37.8
Stock-based compensation expense	5.5	4.4
Provision for deferred income taxes	7.4	5.1
Gains on disposition of property, plant, equipment, and other assets	(22.6)	(1.2)
Gain on sale of storage tanks business	(6.4)	—
(Increase) decrease in other assets	3.4	(1.2)
Increase (decrease) in other liabilities	(2.6)	(3.0)
Other	3.5	0.5
Changes in current assets and liabilities:		
(Increase) decrease in receivables	(66.4)	(69.3)
(Increase) decrease in inventories	(10.9)	(18.2)
(Increase) decrease in other current assets	4.6	2.7
Increase (decrease) in accounts payable	10.5	44.0
Increase (decrease) in advance billings	8.0	1.8
Increase (decrease) in accrued liabilities	(1.2)	0.9
Net cash provided by operating activities	27.3	24.5
Investing activities:		
Proceeds from disposition of property, plant, equipment, and other assets	23.9	20.6
Proceeds from sale of storage tanks business	2.0	—
Capital expenditures	(44.4)	(25.9)
Acquisitions, net of cash acquired	(15.6)	—
Net cash required by investing activities	(34.1)	(5.3)
Financing activities:		
Payments to retire debt	(1.9)	(1.0)
Dividends paid to common stockholders	(2.4)	(2.4)
Purchase of shares to satisfy employee tax on vested stock	(0.1)	(0.1)
Net cash required by financing activities	(4.4)	(3.5)
Net increase (decrease) in cash and cash equivalents	(11.2)	15.7
Cash and cash equivalents at beginning of period	160.4	72.9
Cash and cash equivalents at end of period	\$ 149.2	\$ 88.6

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock				Accumulated Other Comprehensive Loss	Treasury Stock		
	Shares	\$0.01 Par Value	Capital in Excess of Par Value	Retained Earnings		Shares	Amount	Total Stockholders' Equity
	(in millions, except par value)							
Balances at December 31, 2021	48.3	\$ 0.5	\$ 1,692.6	\$ 279.5	\$ (19.3)	—	\$ —	\$ 1,953.3
Net income	—	—	—	20.2	—	—	—	20.2
Other comprehensive income	—	—	—	—	2.2	—	—	2.2
Cash dividends on common stock	—	—	—	(2.4)	—	—	—	(2.4)
Restricted shares, net	—	—	4.5	—	—	—	(0.2)	4.3
Balances at March 31, 2022	48.3	\$ 0.5	\$ 1,697.1	\$ 297.3	\$ (17.1)	—	\$ (0.2)	\$ 1,977.6
Balances at December 31, 2022	48.4	\$ 0.5	\$ 1,684.1	\$ 515.5	\$ (15.7)	—	\$ —	\$ 2,184.4
Net income	—	—	—	55.7	—	—	—	55.7
Other comprehensive income	—	—	—	—	(0.2)	—	—	(0.2)
Cash dividends on common stock	—	—	—	(2.4)	—	—	—	(2.4)
Restricted shares, net	—	—	6.2	—	—	—	(0.5)	5.7
Balances at March 31, 2023	48.4	\$ 0.5	\$ 1,690.3	\$ 568.8	\$ (15.9)	—	\$ (0.5)	\$ 2,243.2

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)

Note 1. Overview and Summary of Significant Accounting Policies

Basis of Presentation

Arcosa, Inc. and its consolidated subsidiaries ("Arcosa," the "Company," "we," or "our"), headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading brands serving construction, engineered structures, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

The accompanying Consolidated Financial Statements are unaudited and have been prepared from the books and records of Arcosa, Inc. and its consolidated subsidiaries. All normal and recurring adjustments necessary for a fair presentation of the financial position of the Company and the results of operations, comprehensive income/loss, and cash flows have been made in conformity with accounting principles generally accepted in the U.S. ("GAAP"). All significant intercompany accounts and transactions have been eliminated. Because of seasonal and other factors, the financial condition and results of operations for the three months ended March 31, 2023 may not be indicative of Arcosa's expected business, financial condition, and results of operations for the year ending December 31, 2023.

These interim financial statements and notes are condensed as permitted by the instructions to Form 10-Q and should be read in conjunction with the audited Consolidated Financial Statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2022.

Stockholders' Equity

In December 2022, the Company's Board of Directors (the "Board") authorized a new \$50 million share repurchase program effective January 1, 2023 through December 31, 2024 to replace a program of the same amount that expired on December 31, 2022. For the three months ended March 31, 2023, the Company did not repurchase any shares, leaving the full amount of the \$50.0 million authorization available as of March 31, 2023.

Revenue Recognition

Revenue is measured based on the allocation of the transaction price in a contract to satisfied performance obligations. The transaction price does not include any amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of principal activities from which the Company generates its revenue, separated by reportable segments. Payments for our products and services are generally due within normal commercial terms. For a further discussion regarding the Company's reportable segments, see Note 4 Segment Information.

Construction Products

The Construction Products segment recognizes substantially all revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Engineered Structures

Within the Engineered Structures segment, revenue is recognized for our wind tower and certain utility structure businesses over time as the products are manufactured using an input approach based on the costs incurred relative to the total estimated costs of production. We recognize revenue over time for these products as they are highly customized to the needs of an individual customer resulting in no alternative use to the Company if not purchased by the customer after the contract is executed. In addition, we have the right to bill the customer for our work performed to date plus at least a reasonable profit margin for work performed. As of March 31, 2023, we had a contract asset of \$78.0 million related to these contracts, compared to \$77.5 million as of December 31, 2022, which is included in receivables, net of allowance, within the Consolidated Balance Sheets. The increase in the contract asset is due to timing of deliveries. For all other products, revenue is recognized when the customer has accepted the product and legal title of the product has passed to the customer.

Transportation Products

The Transportation Products segment recognizes revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Unsatisfied Performance Obligations

The following table includes estimated revenue expected to be recognized in future periods related to performance obligations that are unsatisfied or partially satisfied as of March 31, 2023 and the percentage of the outstanding performance obligations as of March 31, 2023 expected to be delivered during the remainder of 2023:

	Unsatisfied performance obligations as of March 31, 2023	
	Total Amount	Percent expected to be delivered in 2023
	(in millions)	
Engineered Structures:		
Utility, wind, and related structures	\$ 1,531.4	29 %
Transportation Products:		
Inland barges	\$ 279.0	68 %

Of the remaining unsatisfied performance obligations for utility, wind, and related structures, 22% are expected to be delivered during 2024 with the remainder expected to be delivered through 2028. Substantially all of the remaining unsatisfied performance obligations for inland barges are expected to be delivered during 2024.

Income Taxes

The liability method is used to account for income taxes. Deferred income taxes represent the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances reduce deferred tax assets to an amount that will more likely than not be realized.

The Company regularly evaluates the likelihood of realization of tax benefits derived from positions it has taken in various federal and state filings after consideration of all relevant facts, circumstances, and available information. For those tax positions that are deemed more likely than not to be sustained, the Company recognizes the benefit it believes is cumulatively greater than 50% likely to be realized. To the extent the Company were to prevail in matters for which accruals have been established or be required to pay amounts in excess of recorded reserves, the effective tax rate in a given financial statement period could be materially impacted.

Financial Instruments

The Company considers all highly liquid debt instruments to be cash and cash equivalents if purchased with a maturity of three months or less. Financial instruments that potentially subject the Company to a concentration of credit risk are primarily cash investments and receivables. The Company places its cash investments in bank deposits and highly-rated money market funds, and its investment policy limits the amount of credit exposure to any one commercial issuer. We seek to limit concentrations of credit risk with respect to receivables with control procedures that monitor the credit worthiness of customers, together with the large number of customers in the Company's customer base and their dispersion across different industries and geographic areas. As receivables are generally unsecured, the Company maintains an allowance for doubtful accounts based upon the expected credit losses. Receivable balances determined to be uncollectible are charged against the allowance. To accelerate the conversion to cash, the Company may sell a portion of its trade receivables to third parties. The Company has no recourse to these receivables once they are sold but may have continuing involvement related to servicing and collection activities. The impact of these transactions in the Company's Consolidated Statements of Operations for the three months ended March 31, 2023 was not significant. The carrying values of cash, receivables, and accounts payable are considered to be representative of their respective fair values.

Derivative Instruments

The Company may, from time to time, use derivative instruments to mitigate the impact of changes in interest rates, commodity prices, or changes in foreign currency exchange rates. For derivative instruments designated as hedges, the Company formally documents the relationship between the derivative instrument and the hedged item, as well as the risk management objective and strategy for the use of the derivative instrument. This documentation includes linking the derivative to specific assets or liabilities on the balance sheet, commitments, or forecasted transactions. At the time a derivative instrument is entered into, and at least quarterly thereafter, the Company assesses whether the derivative instrument is effective in offsetting the changes in fair value or cash flows of the hedged item. Any change in the fair value of the hedged instrument is recorded in accumulated other comprehensive loss ("AOCL") as a separate component of stockholders' equity and reclassified into earnings in the period during which the hedged transaction affects earnings. The Company monitors its derivative positions and the credit ratings of its counterparties and does not anticipate losses due to counterparties' non-performance.

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

Effective as of January 1, 2023, the Company adopted Accounting Standards Update No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers", ("ASU 2021-08"), which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The adoption of this guidance did not have a material effect on the Company's Consolidated Financial Statements.

Recently issued accounting pronouncements not adopted as of March 31, 2023

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2020-04, "Reference Rate Reform", ("ASU 2020-04"), which provides optional guidance for contract modifications, hedging accounting, and other transactions associated with the transition from reference rates that are expected to be discontinued. ASU 2020-04 is effective for all entities upon issuance through December 31, 2024 as amended by ASU 2022-06. We continue to evaluate the impact of adoption, but do not expect the guidance to have a material impact on our Consolidated Financial Statements.

Reclassifications

Certain prior year balances have been reclassified in the Consolidated Financial Statements to conform with the 2023 presentation.

Note 2. Acquisitions and Divestitures

2023 Acquisitions

In February 2023, we completed the acquisition of certain assets and liabilities of a Phoenix, Arizona based recycled aggregates business in our Construction Products segment. The purchase price of the acquisition was not significant.

In March 2023, we completed the stock acquisition of a Houston, Texas based shoring, trench, and excavation products business in our Construction Products segment. The purchase price of the acquisition was not significant.

2022 Acquisitions

In May 2022, we completed the stock acquisition of Recycled Aggregate Materials Company, Inc. ("RAMCO"), a leading producer of recycled aggregates in the Los Angeles metropolitan area, which is included in our Construction Products segment, for a total purchase price of \$77.4 million. The acquisition was funded with \$80.0 million of borrowings under our revolving credit facility. The acquisition was recorded as a business combination based on a preliminary valuation of the assets acquired and liabilities assumed at their acquisition date fair value using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities ("Level 3" inputs). The final valuation resulted in the recognition of, among others, \$54.2 million of permits with an initial weighted average useful life of 20 years, \$6.4 million of property, plant, and equipment, and \$13.4 million of goodwill in our Construction Products segment. The remaining assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level.

Divestitures

There were no divestitures closed during the three months ended March 31, 2023 and 2022.

In October 2022, the Company completed the sale of its storage tank business for \$275 million. Net cash proceeds received at closing were approximately \$271.6 million, after transaction closing costs. The storage tanks business, historically reported within the Engineered Structures segment, is a leading manufacturer of steel pressure tanks for the storage and transportation of propane, ammonia, and other gases serving the residential, commercial, energy, and agricultural markets with operations in the U.S. and Mexico. Revenues and operating profit for the storage tanks business were \$59.9 million and \$10.3 million, respectively, for the three months ended March 31, 2022. An additional gain of \$6.4 million was recognized during the three months ended March 31, 2023, primarily due to the resolution of certain contingencies from the sale.

Note 3. Fair Value Accounting

Assets and liabilities measured at fair value on a recurring basis are summarized below:

Fair Value Measurement as of March 31, 2023				
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Interest rate hedge ⁽¹⁾	\$ —	\$ 1.5	\$ —	\$ 1.5
Total assets	\$ —	\$ 1.5	\$ —	\$ 1.5
Liabilities:				
Contingent consideration ⁽²⁾	\$ —	\$ —	\$ 2.0	\$ 2.0
Total liabilities	\$ —	\$ —	\$ 2.0	\$ 2.0
Fair Value Measurement as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Interest rate hedge ⁽¹⁾	—	1.8	—	1.8
Total assets	\$ —	\$ 1.8	\$ —	\$ 1.8
Liabilities:				
Contingent consideration ⁽²⁾	—	—	2.4	2.4
Total liabilities	\$ —	\$ —	\$ 2.4	\$ 2.4

⁽¹⁾ Included in other assets on the Consolidated Balance Sheets.

⁽²⁾ Current portion included in accrued liabilities and non-current portion included in other liabilities on the Consolidated Balance Sheets.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for that asset or liability in an orderly transaction between market participants on the measurement date. An entity is required to establish a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair values are listed below:

Level 1 – This level is defined as quoted prices in active markets for identical assets or liabilities. The Company's cash equivalents are instruments of the U.S. Treasury or highly-rated money market mutual funds.

Level 2 – This level is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Interest rate hedges are valued at exit prices obtained from each counterparty. See Note 7 Debt.

Level 3 – This level is defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Contingent consideration relates to estimated future payments owed to the sellers of businesses previously acquired. We estimate the fair value of the contingent consideration using a discounted cash flow model. The fair value is sensitive to changes in the forecast of sales and changes in discount rates and is reassessed quarterly based on assumptions used in our latest projections.

Note 4. Segment Information

The Company reports operating results in three principal business segments:

Construction Products. The Construction Products segment primarily produces and sells natural and recycled aggregates, specialty materials, and construction site support equipment, including trench shields and shoring products.

Engineered Structures. The Engineered Structures segment primarily manufactures and sells steel structures for infrastructure businesses, including utility structures for electricity transmission and distribution, structural wind towers, traffic structures, and telecommunication structures. These products share similar manufacturing competencies and steel sourcing requirements and can be manufactured across our North American footprint. The segment also manufactures concrete utility structures. Historically, the segment also manufactured storage and distribution tanks. In October 2022, the Company completed the divestiture of its storage tanks business. See Note 2 Acquisitions and Divestitures.

Transportation Products. The Transportation Products segment primarily manufactures and sells inland barges, fiberglass barge covers, winches, marine hardware, and steel components for railcars and other transportation and industrial equipment.

The financial information for these segments is shown in the tables below. We operate principally in North America.

	Three Months Ended March 31,			
	Revenues		Operating Profit (Loss)	
	2023	2022	2023	2022
	(in millions)			
Aggregates and specialty materials	\$ 211.0	\$ 187.9		
Construction site support	25.1	23.6		
Construction Products	236.1	211.5	\$ 49.5	\$ 16.7
Utility, wind, and related structures	207.7	190.6		
Storage tanks	—	59.9		
Engineered Structures	207.7	250.5	29.9	28.3
Inland barges	68.1	47.0		
Steel components	37.3	26.8		
Transportation Products	105.4	73.8	10.1	2.7
Segment Totals before Eliminations and Corporate	549.2	535.8	89.5	47.7
Corporate	—	—	(14.4)	(13.0)
Consolidated Total	\$ 549.2	\$ 535.8	\$ 75.1	\$ 34.7

Note 5. Property, Plant, and Equipment

The following table summarizes the components of property, plant, and equipment as of March 31, 2023 and December 31, 2022.

	March 31, 2023	December 31, 2022
	(in millions)	
Land	\$ 139.1	\$ 138.7
Mineral reserves	507.0	506.3
Buildings and improvements	310.6	308.3
Machinery and other	996.3	973.9
Construction in progress	98.1	83.7
	2,051.1	2,010.9
Less accumulated depreciation and depletion	(841.4)	(811.3)
	<u>\$ 1,209.7</u>	<u>\$ 1,199.6</u>

Note 6. Goodwill and Other Intangible Assets

Goodwill

Goodwill by segment is as follows:

	March 31, 2023	December 31, 2022
	(in millions)	
Construction Products	\$ 501.9	\$ 483.9
Engineered Structures	437.6	437.6
Transportation Products	37.0	37.0
	<u>\$ 976.5</u>	<u>\$ 958.5</u>

The increase in Construction Products goodwill during the three months ended March 31, 2023 was due to acquisitions completed during the quarter and measurement period adjustments from the acquisition of RAMCO. See Note 2 Acquisitions and Divestitures.

Intangible Assets

Intangibles, net consisted of the following:

	March 31, 2023	December 31, 2022
	(in millions)	
Intangibles with indefinite lives - Trademarks	\$ 34.1	\$ 34.1
Intangibles with definite lives:		
Customer relationships	136.9	136.9
Permits	141.7	141.7
Other	2.7	2.7
	281.3	281.3
Less accumulated amortization	(64.5)	(59.3)
	216.8	222.0
Intangible assets, net	<u>\$ 250.9</u>	<u>\$ 256.1</u>

Note 7. Debt

The following table summarizes the components of debt as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
	(in millions)	
Term loan	\$ 136.8	\$ 136.8
Senior notes	400.0	400.0
Finance leases (see Note 8 Leases)	18.1	19.1
	554.9	555.9
Less: unamortized debt issuance costs	(5.0)	(5.3)
Total debt	\$ 549.9	\$ 550.6

Revolving Credit Facility and Term Loan

On November 1, 2018, the Company entered into a \$400.0 million unsecured revolving credit facility that was scheduled to mature in November 2023. On January 2, 2020, the Company entered into an Amended and Restated Credit Agreement to increase the revolving credit facility to \$500.0 million and add a term loan facility of \$150.0 million, in each case with a maturity date of January 2, 2025. The entire term loan was advanced on January 2, 2020. As of March 31, 2023, the term loan had a remaining balance of \$136.8 million.

As of March 31, 2023, we had no outstanding loans borrowed under the revolving credit facility, and there were approximately \$25.3 million of letters of credit issued, leaving \$474.7 million available. Of the outstanding letters of credit as of March 31, 2023, \$24.5 million are expected to expire in 2023, with the remainder in 2024. The majority of our letters of credit obligations support the Company's various insurance programs and generally renew by their terms each year.

The interest rates under the revolving credit facility and term loan are variable based on LIBOR or an alternate base rate plus a margin. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on the Company's leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing ranges from 1.25% to 2.00% and was set at LIBOR plus 1.50% as of March 31, 2023. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.25% at March 31, 2023.

The Company's revolving credit and term loan facilities require the maintenance of certain ratios related to leverage and interest coverage. As of March 31, 2023, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

The carrying value of borrowings under our revolving credit and term loan facilities approximate fair value because the interest rate adjusts to the market interest rate (Level 3 input). See Note 3 Fair Value Accounting.

As of March 31, 2023, the Company had \$0.8 million of unamortized debt issuance costs related to the revolving credit facility, which are included in other assets on the Consolidated Balance Sheet.

Senior Notes

On April 6, 2021, the Company issued \$400.0 million aggregate principal amount of 4.375% senior notes (the "Notes") that mature in April 2029. Interest on the Notes is payable semiannually in April and October. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company's domestic subsidiaries that is a guarantor under our revolving credit and term loan facilities. The terms of the indenture governing the Notes, among other things, limit the ability of the Company and each of its subsidiaries to create liens on assets, enter into sale and leaseback transactions, and consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. The terms of the indenture also limit the ability of the Company's non-guarantor subsidiaries to incur certain types of debt.

At any time prior to April 15, 2024, the Company may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus an applicable make-whole premium and accrued and unpaid interest to the redemption date. On and after April 15, 2024, the Company may redeem all or a portion of the Notes at redemption prices set forth in the indenture, plus accrued and unpaid interest to the redemption date. If a Change of Control Triggering Event (as defined in the indenture) occurs, the Company must offer to repurchase the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of repurchase.

The estimated fair value of the Notes as of March 31, 2023 was \$362.3 million based on a quoted market price in a market with little activity (Level 2 input).

In connection with the issuance of the Notes, the Company paid \$6.6 million of debt issuance costs.

The remaining principal payments under existing debt agreements as of March 31, 2023 are as follows:

	2023	2024	2025	2026	2027	Thereafter
	(in millions)					
Term loan	8.4	8.4	120.0	—	—	—
Senior notes	—	—	—	—	—	400.0

Interest rate hedges

In December 2018, the Company entered into an interest rate swap instrument, effective as of January 2, 2019 and expiring in October 2023, to reduce the effect of changes in the variable interest rates associated with borrowings under the Amended and Restated Credit Agreement. The instrument carried an initial notional amount of \$100 million, thereby hedging the first \$100 million of borrowings. The instrument effectively fixes the LIBOR component of borrowings at a monthly rate of 2.71%. As of March 31, 2023, the Company has recorded an asset of \$1.5 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive loss. See Note 3 Fair Value Accounting.

Note 8. Leases

We have various leases primarily for office space and certain equipment. At inception, we determine if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. For leases that contain options to purchase, terminate, or extend, such options are included in the lease term when it is reasonably certain that the option will be exercised. Some of our lease arrangements contain lease components and non-lease components which are accounted for as a single lease component as we have elected the practical expedient to group lease and non-lease components for all leases.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on information available at commencement date in determining the present value of lease payments.

Future minimum lease payments for operating and finance lease obligations as of March 31, 2023 consisted of the following:

	Operating Leases	Finance Leases
	(in millions)	
2023 (remaining)	\$ 6.0	\$ 5.4
2024	7.5	7.1
2025	6.8	5.1
2026	5.4	1.3
2027	3.3	0.2
Thereafter	10.8	—
Total undiscounted future minimum lease obligations	39.8	19.1
Less imputed interest	(3.2)	(1.0)
Present value of net minimum lease obligations	\$ 36.6	\$ 18.1

The following table summarizes our operating and finance leases and their classification within the Consolidated Balance Sheet.

	March 31, 2023	December 31, 2022
	(in millions)	
Assets		
Operating - Other assets	\$ 34.1	\$ 33.9
Finance - Property, plant, and equipment, net	20.3	22.4
Total lease assets	54.4	56.3
Liabilities		
Current		
Operating - Accrued liabilities	7.0	6.7
Finance - Current portion of long-term debt	6.4	6.3
Non-current		
Operating - Other liabilities	29.6	29.9
Finance - Debt	11.7	12.8
Total lease liabilities	\$ 54.7	\$ 55.7

Note 9. Other, Net

Other, net (income) expense consists of the following items:

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Interest income	\$ (1.2)	\$ (0.1)
Foreign currency exchange transactions	(0.5)	1.0
Other	(0.2)	—
Other, net (income) expense	\$ (1.9)	\$ 0.9

Note 10. Income Taxes

For interim income tax reporting, we estimate our annual effective tax rate and apply it to our year to date ordinary income (loss). Tax jurisdictions with a projected or year to date loss for which a tax benefit cannot be realized are excluded. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. We have open tax years from 2015 to 2022 with various significant tax jurisdictions.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was enacted to reduce inflation and promote clean energy in the United States. Among other things, the IRA introduces a 15% alternative minimum tax for corporations with a three-year taxable year average annual adjusted financial statement income in excess of \$1 billion and imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The Company has evaluated these new provisions and has concluded there is no impact for the three months ended March 31, 2023.

The IRA also provides for certain manufacturing, production, and investment tax credit incentives, including new Advanced Manufacturing Production ("AMP") tax credits for companies that domestically manufacture and sell clean energy equipment, including wind towers. For the three months ended March 31, 2023, the Company has recognized \$4.3 million in AMP tax credits for wind towers produced and sold in 2023 which are included as a reduction to cost of sales on the Consolidated Statement of Operations due to the refundable nature of the credits. The credits are included in Receivables, net of allowance, on the Consolidated Balance Sheet.

Certain provisions of the IRA, including the AMP tax credits for wind towers, remain subject to the issuance of additional guidance and clarification. We have considered the applicable current laws and regulations in our tax provision for the three months ended March 31, 2023, and continue to evaluate the impact of these tax law changes on future periods.

Our effective tax rates of 20.3% and 24.1% for the three months ended March 31, 2023 and 2022, respectively, differed from the U.S. federal statutory rate of 21.0% due to AMP tax credits, state income taxes, statutory depletion deductions, compensation-related items, and foreign taxes.

Note 11. Employee Retirement Plans

Total employee retirement plan expense, which includes related administrative expenses, is as follows:

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Defined contribution plans	\$ 3.6	\$ 3.2
Multiemployer plan	0.4	0.4
	<u>\$ 4.0</u>	<u>\$ 3.6</u>

The Company contributes to a multiemployer defined benefit plan under the terms of a collective-bargaining agreement that covers certain union-represented employees at one of the facilities of Meyer Utility Structures, a subsidiary of Arcosa. The Company contributed \$0.4 million to the multiemployer plan for the three months ended March 31, 2023 and 2022. Total contributions to the multiemployer plan for 2023 are expected to be approximately \$1.5 million.

Note 12. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the three months ended March 31, 2023 and 2022 are as follows:

	Currency translation adjustments	Unrealized loss on derivative financial instruments	Accumulated other comprehensive loss
	(in millions)		
Balances at December 31, 2021	\$ (16.3)	\$ (3.0)	\$ (19.3)
Other comprehensive income (loss), net of tax, before reclassifications	0.1	1.6	1.7
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of \$0.0, (\$0.1), and (\$0.1)	—	0.5	0.5
Other comprehensive income (loss)	0.1	2.1	2.2
Balances at March 31, 2022	<u>\$ (16.2)</u>	<u>\$ (0.9)</u>	<u>\$ (17.1)</u>
Balances at December 31, 2022	\$ (17.0)	\$ 1.3	\$ (15.7)
Other comprehensive income (loss), net of tax, before reclassifications	0.1	0.1	0.2
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of \$0.0, \$0.1, and \$0.1	—	(0.4)	(0.4)
Other comprehensive income (loss)	0.1	(0.3)	(0.2)
Balances at March 31, 2023	<u>\$ (16.9)</u>	<u>\$ 1.0</u>	<u>\$ (15.9)</u>

Note 13. Stock-Based Compensation

Stock-based compensation totaled approximately \$5.5 million and \$4.4 million for the three months ended March 31, 2023 and 2022, respectively.

Note 14. Earnings Per Common Share

Basic earnings per common share is computed by dividing net income remaining after allocation to participating unvested restricted shares, which includes unvested restricted shares of Arcosa stock held by employees of our former parent, Trinity Industries, Inc., by the weighted average number of basic common shares outstanding for the period. Except when the effect would be antidilutive, the calculation of diluted earnings per common share includes the weighted average net impact of nonparticipating unvested restricted shares. Total weighted average restricted shares were 1.3 million and 1.6 million shares for the three months ended March 31, 2023 and 2022, respectively.

The computation of basic and diluted earnings per share follows.

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Income (Loss)	Average Shares	EPS	Income (Loss)	Average Shares	EPS
	(in millions, except per share amounts)					
Net income	\$ 55.7			\$ 20.2		
Unvested restricted share participation	(0.2)			(0.1)		
Net income per common share – basic	55.5	48.3	\$ 1.15	20.1	48.2	\$ 0.42
Effect of dilutive securities:						
Nonparticipating unvested restricted shares	—	0.5		—	0.6	
Net income per common share – diluted	\$ 55.5	48.8	\$ 1.14	\$ 20.1	48.8	\$ 0.41

Note 15. Contingencies

The Company is involved in claims and lawsuits incidental to our business arising from various matters including commercial disputes, alleged product defect and/or warranty claims, intellectual property matters, personal injury claims, environmental issues, employment and/or workplace-related matters, and various governmental regulations. At March 31, 2023, the range of reasonably possible losses for such matters, taking into consideration our rights in indemnity and recourse to third parties is \$1.0 million to \$2.4 million.

The Company evaluates its exposure to such claims and suits periodically and establishes accruals for these contingencies when probable losses can be reasonably estimated. At March 31, 2023, total accruals of \$3.3 million are included in accrued liabilities in the accompanying Consolidated Balance Sheet. The Company believes any additional liability from such claims and suits would not be material to its financial position or results of operations.

Arcosa is subject to remedial orders and federal, state, local, and foreign laws and regulations relating to the environment. The Company has reserved \$0.7 million as of March 31, 2023, included in our total accruals of \$3.3 million discussed above, to cover our probable and estimable liabilities with respect to the investigations, assessments, and remedial responses to such matters, taking into account currently available information and our contractual rights to indemnification and recourse to third parties.

Estimates of liability arising from future proceedings, assessments, or remediation are inherently imprecise. Accordingly, there can be no assurance that we will not become involved in future litigation or other proceedings, including those related to the environment or, if we are found to be responsible or liable in any such litigation or proceeding, that such costs would not be material to the Company.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Company Overview
- Potential Impact of COVID-19 on our Business
- Market Outlook
- Executive Overview
- Results of Operations
- Liquidity and Capital Resources
- Recent Accounting Pronouncements
- Forward-Looking Statements

Our MD&A should be read in conjunction with the Consolidated Financial Statements of Arcosa, Inc. and its consolidated subsidiaries ("Arcosa," "Company," "we," or "our") and related Notes in Part I, Item 1 of this Quarterly Report on Form 10-Q and the Consolidated and Combined Financial Statements and related Notes in Item 8, "Financial Statements and Supplementary Data", of our Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Annual Report on Form 10-K").

Company Overview

Arcosa, headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading brands serving construction, engineered structures, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

Potential Impact of COVID-19 on our Business

Our highest priority is the health and safety of our employees and communities. We are committed to safety across our operations. Our businesses support critical infrastructure sectors and our plants have continued to operate throughout the COVID-19 pandemic. If one or more of Arcosa's facilities become subject to governmental ordered closure, voluntary temporary closure, closure from a COVID-19 outbreak within the facility, or other COVID-19 related reason the business, liquidity and financial condition, and results of operations for Arcosa could be adversely affected. The extent to which the COVID-19 pandemic impacts our business, liquidity and financial condition, and results of operations will depend on numerous evolving factors that we may not be able to accurately predict, including the impact of new COVID-19 variants and the response to any potential reoccurrence. We strive to continuously improve our procedures, processes, and management systems regarding employee health and safety, and we do not anticipate that any enhanced health and safety protocols will have a material impact on the productivity of our plants.

The preparation of the Company's Consolidated Financial Statements 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 as well as the reported amounts of revenues and expenses during the reporting period. At this time, we have not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic. However, due to the factors discussed above, we are unable to determine or predict the overall impact the COVID-19 pandemic may have on our business, results of operations, liquidity, or capital resources.

Market Outlook

- Within our Construction Products segment, the demand environment remains healthy overall when seasonal weather conditions have been normal, supported by increased infrastructure spending and private non-residential activity. The outlook for single-family residential housing continues to be impacted by higher interest rates and home affordability, which has negatively impacted volumes. We have been successful in managing inflationary cost pressures through proactive price increases and are monitoring potential impacts on overall demand as leading economic indicators indicate an increased probability of an economic slowdown in 2023.

- Within our Engineered Structures segment, our backlog as of March 31, 2023 provides good production visibility for the remainder of 2023. Our customers remain committed to taking delivery of these orders. In utility structures, order and inquiry activity continues to be healthy, as customers remain focused on grid hardening and reliability initiatives. The passage of the Inflation Reduction Act ("IRA") on August 16, 2022, which included a long-term extension of the Production Tax Credit ("PTC") for new wind farm projects and introduced new Advanced Manufacturing Production ("AMP") tax credits for companies that domestically manufacture and sell clean energy equipment in the U.S., is a significant catalyst for our wind towers business. As demonstrated by more than \$1.1 billion of new orders we have received since the passage of the IRA for delivery through 2028, our wind tower business is at the beginning stages of a market recovery. A large portion of these orders will support wind energy expansion projects in the Southwest. As a result, we plan to open a new plant in New Mexico, with production at this facility expected to begin in mid-2024. We anticipate 2023 will be a transition year as new wind projects ramp up and expect a strong multi-year rebound in volumes beginning in 2024.
- Within our Transportation Products segment, our backlog for inland barges as of March 31, 2023 of \$279 million is at its highest level since the first quarter of 2020. Our customers remain committed to taking delivery of these orders. Barge order levels fell sharply at the onset of the pandemic and ensuing high steel prices further negatively impacted demand. In 2022, we reduced capacity in our two active barge operating plants and completed the idling of our Louisiana facility in the fourth quarter of 2021 to further reduce our cost structure. While high steel prices have impacted order levels, the underlying fundamentals for a dry barge replacement cycle remain in place. The fleet continues to age, new builds have not kept pace with scrapping, and utilization rates are high. As a result, order inquiries have been strong and we received orders of \$122 million in the first quarter of 2023, which extends our backlog into 2024. Demand for steel components, which was softening pre-COVID-19 due to a weakening North American rail transportation market, is increasing relative to 2020 and 2021 cyclical lows as the near-term outlook for the new railcar market indicates a stable level of replacement demand.

Executive Overview

Financial Operations and Highlights

- Revenues for the three months ended March 31, 2023 increased by 2.5% to \$549.2 million due to higher revenues in Construction Products and Transportation Products partially offset by lower revenues in Engineered Structures due to the sale of our storage tanks business on October 3, 2022.
- Operating profit for the three months ended March 31, 2023 totaled \$75.1 million, an increase of \$40.4 million year-over-year. Excluding \$29.0 million of asset sale gains recognized in the current quarter, operating profit increased 32.9% due to higher operating profit in Construction Products and Transportation Products, partially offset by lower operating profit in Engineered Structures due to the sale of our storage tanks business.
- Selling, general, and administrative expenses were flat for the three months ended March 31, 2023 compared to the same period in the prior year, as increased compensation costs were offset by the elimination of costs from our storage tanks business. As a percentage of revenues, selling, general, and administrative expenses was 11.4% for the three months ended March 31, 2023 compared to 11.7% for the same period in 2022.
- The effective tax rate for the three months ended March 31, 2023 was 20.3% compared to 24.1% for the same period in 2022. See Note 10 Income Taxes of the Consolidated Financial Statements.
- Net income for the three months ended March 31, 2023 was \$55.7 million compared to \$20.2 million for the same period in 2022.

Our Engineered Structures and Transportation Products segments operate in cyclical industries. Additionally, results in our Construction Products segment are affected by weather and seasonal fluctuations with the second and third quarters historically being the quarters with the highest revenues.

Unsatisfied Performance Obligations (Backlog)

As of March 31, 2023, December 31, 2022, and March 31, 2022, our unsatisfied performance obligations, or backlog, were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
	(in millions)		
Engineered Structures:			
Utility, wind, and related structures	\$ 1,531.4	\$ 671.3	\$ 421.0
Transportation Products:			
Inland barges	\$ 279.0	\$ 225.1	\$ 150.6

Approximately 29% of the unsatisfied performance obligations for utility, wind, and related structures in our Engineered Structures segment are expected to be delivered during 2023, 22% are expected to be delivered during 2024 with the remainder expected to be delivered through 2028. Approximately 68% of the unsatisfied performance obligations for inland barges in our Transportation Products segment are expected to be delivered during 2023 with the remainder expected to be delivered during 2024.

Results of Operations

Overall Summary

Revenues

	Three Months Ended March 31,		
	2023	2022	Percent Change
	(in millions)		
Construction Products	\$ 236.1	\$ 211.5	11.6 %
Engineered Structures	207.7	250.5	(17.1)
Transportation Products	105.4	73.8	42.8
Consolidated Total	\$ 549.2	\$ 535.8	2.5

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022

- Revenues increased by 2.5%.
- Revenues from Construction Products increased primarily due to higher pricing across our aggregates and specialty material businesses.
- Revenues from Engineered Structures decreased due to the sale of our storage tanks business. Revenues from utility, wind, and related structures increased primarily due to increased volumes in our utility structures business.
- Revenues from Transportation Products increased primarily due to higher deliveries in both inland barge and steel components.

Operating Costs

	Three Months Ended March 31,		
	2023	2022	Percent Change
	(in millions)		
Construction Products	\$ 186.6	\$ 194.8	(4.2)%
Engineered Structures	177.8	222.2	(20.0)
Transportation Products	95.3	71.1	34.0
Segment Totals before Corporate Expenses	459.7	488.1	(5.8)
Corporate	14.4	13.0	10.8
Consolidated Total	\$ 474.1	\$ 501.1	(5.4)
Depreciation, depletion, and amortization ⁽¹⁾	\$ 38.8	\$ 37.8	2.6

⁽¹⁾ Depreciation, depletion, and amortization are components of operating costs.

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022

- Operating costs decreased by 5.4%. Netted against operating costs in the current quarter included \$29.0 million of asset sale gains, primarily consisting of \$21.8 million from the sale of depleted land in Construction Products and \$6.4 million of additional gain recognized on the sale of the storage tanks divestiture. Excluding these gains, operating costs were about flat.
- Cost of revenues for Construction Products increased primarily due to inflationary-related cost increases, including diesel, cement, and process fuels.
- Cost of revenues for Engineered Structures decreased largely due to the elimination of costs from our storage tanks business.
- Cost of revenues for Transportation Products increased primarily due to higher volumes in inland barge and steel components.
- Depreciation, depletion, and amortization increased as a result of recent acquisitions and organic growth investments.
- Selling, general, and administrative expenses were essentially flat, as increased compensation costs were offset by the elimination of costs from our storage tanks business. As a percentage of revenues, selling, general, and administrative expenses decreased to 11.4% for the three months ended March 31, 2023, compared to 11.7% for the same period in 2022.

Operating Profit (Loss)

	Three Months Ended March 31,		
	2023	2022	Percent Change
	(in millions)		
Construction Products	\$ 49.5	\$ 16.7	196.4 %
Engineered Structures	29.9	28.3	5.7
Transportation Products	10.1	2.7	274.1
Segment Totals before Corporate Expenses	89.5	47.7	87.6
Corporate	(14.4)	(13.0)	10.8
Consolidated Total	\$ 75.1	\$ 34.7	116.4

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022

- Operating profit increased by 116.4%.
- Operating profit in Construction Products increased due to the land sale gain as well as higher pricing.
- Excluding the impact of the storage tanks business in both periods, operating profit in Engineered Structures increased due to higher volumes in utility structures and recognition of the AMP tax credits in wind towers.
- Operating profit in Transportation Products increased driven by higher volumes and improved margins in both inland barge and steel components.

For further discussion of revenues, costs, and the operating results of individual segments, see *Segment Discussion* below.

Other Income and Expense

Other, net (income) expense consists of the following items:

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Interest income	\$ (1.2)	\$ (0.1)
Foreign currency exchange transactions	(0.5)	1.0
Other	(0.2)	—
Other, net (income) expense	<u>\$ (1.9)</u>	<u>\$ 0.9</u>

Income Taxes

The provision for income taxes results in effective tax rates that differ from the statutory rates. The Company's effective tax rate for the three months ended March 31, 2023 was 20.3% compared to 24.1% for the same period in 2022. The decrease in the tax rate for the three months ended March 31, 2023 is primarily due to AMP tax credits and reduced foreign taxes, partially offset by increased state income taxes.

Our effective tax rate reflects the Company's estimate for its state income tax expense, excess tax benefits related to equity compensation, and the impact of foreign tax benefits. See Note 10 of the Notes to Consolidated Financial Statements for further discussion of income taxes.

On August 16, 2022, the IRA was enacted to reduce inflation and promote clean energy in the United States. Among other things, the IRA introduces a 15% alternative minimum tax for corporations with a three-year taxable year average annual adjusted financial statement income in excess of \$1 billion and imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The IRA also provides for certain manufacturing, production, and investment tax credit incentives, including new AMP tax credits for companies that domestically manufacture and sell clean energy equipment, including wind towers. Certain provisions of the IRA, including the AMP tax credits for wind towers, remain subject to the issuance of additional guidance and clarification. We have considered the applicable current IRA tax law changes in our tax provision for the three months ended March 31, 2023, and continue to evaluate the impact of these tax law changes on future periods.

Segment Discussion

Construction Products

	Three Months Ended March 31,		
	2023	2022	Percent Change
	(\$ in millions)		
Revenues:			
Aggregates and specialty materials	\$ 211.0	\$ 187.9	12.3 %
Construction site support	25.1	23.6	6.4
Total revenues	<u>236.1</u>	<u>211.5</u>	<u>11.6</u>
Operating costs:			
Cost of revenues	182.9	169.9	7.7
Selling, general, and administrative expenses	26.3	26.0	1.2
Gain on disposition of property, plant, equipment, and other assets	(22.6)	(1.1)	
Operating profit	<u>\$ 49.5</u>	<u>\$ 16.7</u>	<u>196.4</u>
Depreciation, depletion, and amortization ⁽¹⁾	\$ 26.9	\$ 24.6	9.3

⁽¹⁾ Depreciation, depletion, and amortization are components of operating profit.

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022

- Revenues increased 11.6% primarily driven by strong pricing gains across our product lines in our aggregates and specialty materials businesses, partially offset by overall lower volumes. Revenues from our trench shoring business increased 6.4% driven by higher volumes and the acquisition of a small, Houston-based shoring, trench, and excavation products business in the quarter.
- Cost of revenues increased 7.7% primarily due to inflationary-related cost increases, including diesel, cement, and process fuels. As a percent of revenues, cost of revenues decreased to 77.5% in the current period compared to 80.3% in the prior period.
- Selling, general, and administrative costs were substantially unchanged. Selling, general, and administrative costs decreased as a percentage of revenues to 11.1% compared to 12.3% in the prior period.
- Operating profit increased significantly, partially due to the gain recognized on the disposition of depleted land. Excluding this gain, operating profit increased 72.4% driven by increased pricing, despite lower volumes.
- Depreciation, depletion, and amortization expense increased primarily due to recent acquisitions and organic growth investments.

Engineered Structures

	Three Months Ended March 31,		
	2023	2022	Percent
	(\$ in millions)		Change
Revenues:			
Utility, wind, and related structures	\$ 207.7	\$ 190.6	9.0 %
Storage tanks	—	59.9	(100.0)
Total revenues	207.7	250.5	(17.1)
Operating costs:			
Cost of revenues	168.4	204.2	(17.5)
Selling, general, and administrative expenses	15.8	18.1	(12.7)
Gain on sale of storage tank business	(6.4)	—	
Gain on disposition of property, plant, equipment, and other assets	—	(0.1)	
Operating profit	\$ 29.9	\$ 28.3	5.7
Depreciation and amortization ⁽¹⁾	\$ 6.6	\$ 8.0	(17.5)

⁽¹⁾ Depreciation and amortization are components of operating profit.

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022

- Revenues decreased 17.1% due to the decline in revenue from our storage tanks business, which was sold in October 2022. Revenue from utility, wind, and related structures increased 9.0% primarily due to increased volumes in our utility structures business.
- Cost of revenues decreased 17.5% due to the elimination of costs from our storage tanks business. Cost of revenues from utility, wind, and related structures increased in line with the increase in revenue, partially offset by AMP tax credits recognized in our wind towers business.
- Selling, general, and administrative costs decreased due to the elimination of costs from our storage tanks business. Selling, general, and administrative costs from utility, wind, and related structures increased primarily due to increased compensation costs.
- The storage tanks business contributed \$6.4 million in operating profit related to the additional gain on sale recorded in the first quarter compared to \$10.3 million of operating profit in the prior year, resulting in a \$3.9 million decrease year-over-year related to the divestiture. Excluding the impact from the divestiture in both periods, operating profit increased primarily due to higher volumes in our utility structures business and \$3.2 million of net benefit recognized from AMP tax credits in our wind towers business.

- Operating profit increased due to the gain recognized on the sale of our storage tanks business. Excluding this gain, operating profit decreased due to the elimination of our storage tanks business, which contributed \$10.3 million to operating profit in the prior year. Operating profit from utility, wind, and related structures increased due to higher revenues in our utility structures business and \$3.2 million of net benefit recognized from AMP tax credits in our wind towers business.

Unsatisfied Performance Obligations (Backlog)

As of March 31, 2023, the backlog for utility, wind, and related structures was \$1,531.4 million, compared to \$671.3 million and \$421.0 million as of December 31, 2022 and March 31, 2022, respectively. Approximately 29% of these unsatisfied performance obligations are expected to be delivered during the year ending December 31, 2023, approximately 22% during the year ended December 31, 2024, with the remainder expected to be delivered through 2028.

Transportation Products

	Three Months Ended March 31,		
	2023	2022	Percent
	(\$ in millions)		Change
Revenues:			
Inland barges	\$ 68.1	\$ 47.0	44.9 %
Steel components	37.3	26.8	39.2
Total revenues	105.4	73.8	42.8
Operating costs:			
Cost of revenues	89.3	65.6	36.1
Selling, general, and administrative expenses	6.0	5.5	9.1
Operating profit	\$ 10.1	\$ 2.7	274.1
Depreciation and amortization ⁽¹⁾	\$ 4.0	\$ 3.9	2.6

⁽¹⁾ Depreciation and amortization are components of operating profit.

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022

- Revenues increased 42.8% driven by an increase in deliveries of inland barges and steel components.
- Cost of revenues increased 36.1% due to higher volumes of inland barges and steel components.
- Selling, general, and administrative costs increased 9.1% but decreased as a percentage of revenues to 5.7% compared to 7.5% in the prior period.
- Operating profit increased significantly, outpacing the increase in revenues, driven by improved operating leverage associated with the increased volumes and improved margins across both businesses.

Unsatisfied Performance Obligations (Backlog)

As of March 31, 2023, the backlog for inland barges was \$279.0 million, compared to \$225.1 million and \$150.6 million as of December 31, 2022 and March 31, 2022, respectively. Approximately 68% of unsatisfied performance obligations for inland barges are expected to be delivered during the year ending December 31, 2023 with the remainder expected to be delivered in 2024.

Corporate

	Three Months Ended March 31,		
	2023	2022	Percent
	(in millions)		Change
Corporate overhead costs	\$ 14.4	\$ 13.0	10.8 %

Three Months Ended March 31, 2023 versus Three Months Ended March 31, 2022

- Corporate overhead costs increased 10.8% primarily due to increased compensation-related expenses. The increase was partially offset by lower acquisition and divestiture-related expenses of \$0.6 million, compared to \$0.9 million for the same period in 2022.

Liquidity and Capital Resources

Arcosa's primary liquidity requirement consists of funding our business operations, including capital expenditures, working capital investment, and disciplined acquisitions. Our primary sources of liquidity include cash flow from operations, our existing cash balance, availability under the revolving credit facility, and, as necessary, the issuance of additional long-term debt or equity. To the extent we have available liquidity, we may also consider undertaking new capital investment projects, executing additional strategic acquisitions, returning capital to stockholders, or funding other general corporate purposes.

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Total cash provided by (required by):		
Operating activities	\$ 27.3	\$ 24.5
Investing activities	(34.1)	(5.3)
Financing activities	(4.4)	(3.5)
Net increase (decrease) in cash and cash equivalents	\$ (11.2)	\$ 15.7

Operating Activities. Net cash provided by operating activities for the three months ended March 31, 2023 was \$27.3 million compared to \$24.5 million for the three months ended March 31, 2022.

- The changes in current assets and liabilities resulted in a net use of cash of \$55.4 million for the three months ended March 31, 2023 compared to a net use of cash of \$38.1 million for the three months ended March 31, 2022. The current year activity was primarily driven by increased receivables and inventories due to increased volumes and higher steel prices, partially offset by increases in accounts payable and advanced billings.

Investing Activities. Net cash required by investing activities for the three months ended March 31, 2023 was \$34.1 million compared to \$5.3 million for the three months ended March 31, 2022.

- Capital expenditures for the three months ended March 31, 2023 were \$44.4 million compared to \$25.9 million for the same period last year. Full-year capital expenditures are expected to be approximately \$185 to \$210 million in 2023.
- Proceeds from the sale of property, plant, and equipment and other assets totaled \$23.9 million for the three months ended March 31, 2023, compared to \$20.6 million for the same period in 2022.
- Cash paid for acquisitions, net of cash acquired, was \$15.6 million for the three months ended March 31, 2023 compared to no activity for the same period in 2022. Proceeds from the sale of the storage tanks business were \$2.0 million during the three months ended March 31, 2023 and related to the resolution of certain contingencies from the sale that closed in October 2022. There was no divestiture activity for the three months ended March 31, 2022.

Financing Activities. Net cash required by financing activities during the three months ended March 31, 2023 was \$4.4 million compared to net cash required by financing activities of \$3.5 million for the same period in 2022.

Other Investing and Financing Activities

Revolving Credit Facility and Senior Notes

On January 2, 2020, the Company entered into an Amended and Restated Credit Agreement to increase the revolving credit facility to \$500.0 million and added a term loan facility of \$150.0 million, in each case with a maturity date of January 2, 2025. The entire term loan was advanced on January 2, 2020. As of March 31, 2023, the term loan had a remaining balance of \$136.8 million.

As of March 31, 2023, we had no outstanding loans borrowed under the revolving credit facility and there were approximately \$25.3 million of letters of credit issued, leaving \$474.7 million available for borrowing. Of the outstanding letters of credit as of March 31, 2023, \$24.5 million are expected to expire in 2023, with the remainder in 2024. The majority of our letters of credit obligations support the Company's various insurance programs and generally renew by their terms each year.

The interest rates under the revolving credit facility and term loan are variable based on LIBOR or an alternate base rate plus a margin. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on Arcosa's leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing ranges from 1.25% to 2.00% and was set at LIBOR plus 1.50% as of March 31, 2023. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.25% as of March 31, 2023.

The Company's revolving credit and term loan facilities require the maintenance of certain ratios related to leverage and interest coverage. As of March 31, 2023, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

On April 6, 2021, the Company issued \$400.0 million aggregate principal amount of 4.375% senior notes (the "Notes") that mature in April 2029. Interest on the Notes is payable semiannually in April and October of each year. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company's domestic subsidiaries that is a guarantor under our revolving credit and term loan facilities.

We believe, based on our current business plans, that our existing cash, available liquidity, and cash flow from operations will be sufficient to fund necessary capital expenditures and operating cash requirements for the foreseeable future.

Dividends and Repurchase Program

In March 2023, the Company declared a quarterly cash dividend of \$0.05 per share that was paid on April 28, 2023.

In December 2022, the Company's Board of Directors authorized a new \$50 million share repurchase program effective January 1, 2023 through December 31, 2024 to replace a program of the same amount that expired on December 31, 2022. For the three months ended March 31, 2023, the Company did not repurchase any shares, leaving the full amount of the \$50.0 million authorization available as of March 31, 2023. See Note 1 of the Notes to the Consolidated Financial Statements.

Derivative Instruments

In December 2018, the Company entered into an interest rate swap instrument, effective as of January 2, 2019 and expiring in October 2023, to reduce the effect of changes in the variable interest rates associated with borrowings under the Amended and Restated Credit Agreement. The instrument carried an initial notional amount of \$100.0 million, thereby hedging the first \$100.0 million of borrowings. The instrument effectively fixes the LIBOR component of the borrowings at a monthly rate of 2.71%. As of March 31, 2023, the Company has recorded an asset of \$1.5 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive income. See Note 3 and Note 7 of the Notes to the Consolidated Financial Statements.

Recent Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements for information about recent accounting pronouncements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not historical facts are forward-looking statements and involve risks and uncertainties. These forward-looking statements include expectations, beliefs, plans, objectives, future financial performances, estimates, projections, goals, and forecasts. Arcosa uses the words “anticipates,” “assumes,” “believes,” “estimates,” “expects,” “intends,” “forecasts,” “may,” “will,” “should,” “plans,” and similar expressions to identify these forward-looking statements. Potential factors, which could cause our actual results of operations to differ materially from those in the forward-looking statements include, among others:

- the impact of the COVID-19 pandemic on our sales, operations, supply chain, employees, and financial condition;
- market conditions and customer demand for our business products and services;
- the cyclical nature of the industries in which we compete;
- variations in weather in areas where our construction products are sold, used, or installed;
- naturally occurring events and other events and disasters causing disruption to our manufacturing, product deliveries, and production capacity, thereby giving rise to an increase in expenses, loss of revenue, and property losses;
- competition and other competitive factors;
- our ability to identify, consummate, or integrate acquisitions of new businesses or products, or divest any business;
- the timing of introduction of new products;
- the timing and delivery of customer orders or a breach of customer contracts;
- the credit worthiness of customers and their access to capital;
- product price changes;
- changes in mix of products sold;
- the costs incurred to align manufacturing capacity with demand and the extent of its utilization;
- the operating leverage and efficiencies that can be achieved by our manufacturing businesses;
- availability and costs of steel, component parts, supplies, and other raw materials;
- changing technologies;
- surcharges and other fees added to fixed pricing agreements for steel, component parts, supplies and other raw materials;
- increased costs due to increased inflation;
- interest rates and capital costs;
- counter-party risks for financial instruments;
- long-term funding of our operations;
- taxes;
- the stability of the governments and political and business conditions in certain foreign countries, particularly Mexico;
- changes in import and export quotas and regulations;
- business conditions in emerging economies;
- costs and results of litigation;
- changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies;
- legal, regulatory, and environmental issues, including compliance of our products with mandated specifications, standards, or testing criteria and obligations to remove and replace our products following installation or to recall our products and install different products manufactured by us or our competitors;
- actions by the executive and legislative branches of the U.S. government relative to federal government budgeting, taxation policies, government expenditures, U.S. borrowing/debt ceiling limits, and trade policies, including tariffs, and border closures;
- the inability to sufficiently protect our intellectual property rights;
- our ability to mitigate against cybersecurity incidents, including ransomware, malware, phishing emails, and other electronic security threats;
- the improper use of social and other digital media to disseminate false, misleading, and/or unreliable or inaccurate information about the Company or demonstrate actions that negatively reflect on the Company;
- if the Company's ESG efforts are not favorably received by stockholders;
- if the Company does not realize some or all of the benefits expected from certain provisions of the IRA, including the AMP tax credits for wind towers, which remain subject to the issuance of additional guidance and clarification;

- if the distribution of shares of Arcosa resulting from the separation of Arcosa from Trinity Industries, Inc. in November 2018 (the “Separation”), together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, the Company’s stockholders at the time of the distribution and the Company could be subject to significant tax liability; and
- if the Separation does not comply with state fraudulent conveyance laws and legal dividend requirements.

Any forward-looking statement speaks only as of the date on which such statement is made. Arcosa undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. For a discussion of risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, “Risk Factors” in our 2022 Annual Report on Form 10-K and future Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There has been no material change in our market risks since December 31, 2022 as set forth in our 2022 Annual Report on Form 10-K. See Note 9 of the Notes to Consolidated Financial Statements for the impact of foreign exchange rate fluctuations for the three months ended March 31, 2023.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that it is able to collect and record the information it is required to disclose in the reports it files with the Securities and Exchange Commission (“SEC”), and to process, summarize, and disclose this information within the time periods specified in the rules of the SEC. The Company’s Chief Executive and Chief Financial Officers are responsible for establishing and maintaining these procedures and, as required by the rules of the SEC, evaluating their effectiveness. Based on their evaluation of the Company’s disclosure controls and procedures that took place as of the end of the period covered by this report, the Chief Executive and Chief Financial Officers believe that these procedures are effective to 1) ensure that the Company is able to collect, process, and disclose the information it is required to disclose in the reports it files with the SEC within the required time periods and 2) accumulate and communicate this information to the Company’s management, including its Chief Executive and Chief Financial Officers, to allow timely decisions regarding this disclosure.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there have been no changes in the Company’s internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II

Item 1. Legal Proceedings

See Note 15 of the Consolidated Financial Statements regarding legal proceedings.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those set forth in our 2022 Annual Report on Form 10-K.

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

This table provides information with respect to purchases by the Company of shares of its common stock during the quarter ended March 31, 2023:

Period	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
January 1, 2023 through January 31, 2023	750	\$ 57.55	—	\$ 50,000,000
February 1, 2023 through February 28, 2023	613	\$ 58.11	—	\$ 50,000,000
March 1, 2023 through March 31, 2023	—	\$ —	—	\$ 50,000,000
Total	1,363	\$ 57.80	—	\$ 50,000,000

⁽¹⁾ These columns include the following transactions during the three months ended March 31, 2023: (i) the surrender to the Company of 1,363 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and (ii) the purchase of no shares of common stock on the open market as part of the stock repurchase program.

⁽²⁾ In December 2022, the Company's Board of Directors authorized a new \$50 million share repurchase program effective January 1, 2023 through December 31, 2024 to replace a program of the same amount that expired on December 31, 2022.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-Q.

Item 5. Other Information

None.

Item 6. Exhibits

NO.	DESCRIPTION
3.1	Restated Certificate of Incorporation of Arcosa, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-8 filed on October 31, 2018, File No. 333-228098).
3.2	Amended and Restated Bylaws of Arcosa, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, for the quarter-ended March 31, 2020, File No. 001-38494).
4.1	Third Supplemental Indenture dated as of October 3, 2022 among Arcosa, Inc. and Computershare Trust Company N.A. (filed herewith).
4.2	Fourth Supplemental Indenture dated as of January 4, 2023 among the Guaranteeing Subsidiary named therein, Arcosa, Inc., and Computershare Trust Company N.A. (filed herewith).
10.1	Form of Performance-Based Restricted Stock Unit Grant Agreement (filed herewith)
31.1	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Executive Officer (filed herewith).
31.2	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Financial Officer (filed herewith).
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
95	Mine Safety Disclosure Exhibit (filed herewith).
101.INS	Inline XBRL Instance Document (filed electronically herewith).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed electronically herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed electronically herewith).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed electronically herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed electronically herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed electronically herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Arcosa, Inc.
(Registrant)

April 28, 2023

By: /s/ Gail M. Peck
Gail M. Peck
Chief Financial Officer

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture (this “Supplemental Indenture”), dated as of October 3, 2022, between (a) Arcosa, Inc., a Delaware corporation (the “Issuer”), and (b) Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the “Trustee”).

W I T N E S S E T H

WHEREAS, each of the Issuer and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an indenture (as amended by the First Supplemental Indenture, dated as of September 30, 2021, and the Second Supplemental Indenture, dated as of May 17, 2022, the “Indenture”), dated as of April 6, 2021, providing for the issuance of an unlimited aggregate principal amount of 4.375% Senior Notes due 2029 (the “Notes”);

WHEREAS, pursuant to Section 10.5(a)(1) of the Indenture, any Note Guarantee of a Guarantor shall be automatically and unconditionally released and discharged upon a sale, exchange, transfer or other disposition (including by way of merger, amalgamation, consolidation, dividend distribution or otherwise) of the Capital Stock of such Guarantor, following which such Guarantor is no longer a Subsidiary of the Issuer;

WHEREAS, pursuant to the transactions contemplated by that certain Equity Purchase Agreement dated as of April 25, 2022 (the “Purchase Agreement”), between the Issuer and Triarc Tanks Bidco, LLC, a Delaware limited liability company (“Buyer”), Buyer agreed to acquire from the Issuer all of the issued and outstanding limited liability company interests of Arcosa Tank, LLC, a Delaware limited liability company and Guarantor under the Indenture (“Arcosa Tank”), after which Arcosa Tank shall no longer be a Subsidiary of the Issuer;

WHEREAS, pursuant to Section 10.5(b) of the Indenture, upon delivery to the Trustee of an Officer’s Certificate to the effect that the transactions contemplated by the Purchase Agreement were made by the Issuer in accordance with the provisions of the Indenture, the Trustee shall execute any documents reasonably requested by the Issuer in order to evidence the release of Arcosa Tank from its obligations under its Note Guarantee;

WHEREAS, the Trustee has received an Officer’s Certificate and Opinion of Counsel in connection with the transactions contemplated by the Purchase Agreement and the Trustee’s execution of this Supplemental Indenture; and

WHEREAS, pursuant to Section 9.1(i) of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture without the consent of Holders of the Notes to evidence the release of Arcosa Tank from its Note Guarantee.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. Release of Guarantor. In reliance on the Officer’s Certificate and the Opinion of Counsel delivered to the Trustee on the date hereof, the Trustee acknowledges and agrees that Arcosa Tank is hereby unconditionally, automatically and irrevocably released from its Note Guarantee, all of its obligations under the Note Documents, and as a Guarantor under the

Indenture, and accordingly, that, without further action, Arcosa Tank is no longer party to the Indenture and the other Note Documents.

3. Ratification of Indenture and Supplemental Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

4. Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

5. Waiver of Jury Trial. EACH OF THE GUARANTEEING SUBSIDIARIES AND THE TRUSTEE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF UNDER OR IN CONNECTION WITH, THE INDENTURE, THE NOTES, THE NOTE GUARANTEES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

6. Counterparts. This Supplemental Indenture may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic shall be deemed to be their original signatures for all purposes.

7. Headings. The headings of the Sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

8. The Trustee. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

[Signatures on the following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

ISSUER:

ARCOSA, INC.

By: /s/ Kevin Weber
Name: Kevin Weber
Title: Treasurer

Signature Page to Third Supplemental Indenture - Arcosa, Inc.

TRUSTEE:

COMPUTERSHARE TRUST COMPANY,
N.A., as Trustee

By: /s/ Susan B. Wright
Name: Susan B. Wright
Title: Assistant Vice President

FOURTH SUPPLEMENTAL INDENTURE

This Fourth Supplemental Indenture (this “*Supplemental Indenture*”), dated as of January 4, 2023, among (a) Southern Aggregates, LLC, a Delaware limited liability company (the “*Guaranteeing Subsidiary*”), a Subsidiary of Arcosa, Inc., a Delaware corporation (the “*Issuer*”), (b) the Issuer, and (c) Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the “*Trustee*”).

WITNESSETH

WHEREAS, each of the Issuer and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an indenture (as amended by the First Supplemental Indenture, dated as of September 30, 2021, the Second Supplemental Indenture, dated May 17, 2022 and the Third Supplemental Indenture, dated October 3, 2022, among the Guaranteeing Subsidiary (as defined therein), the Issuer and the Trustee, the “*Indenture*”), dated as of April 6, 2021, providing for the issuance of an unlimited aggregate principal amount of 4.375% Senior Notes due 2029 (the “*Notes*”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiary shall unconditionally Guarantee all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture; and

WHEREAS, pursuant to Section 9.1 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture without the consent of Holders of the Notes.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. Guarantor. The Guaranteeing Subsidiary hereby agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Guarantors, including Article X thereof.
3. Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.
4. Waiver of Jury Trial. THE GUARANTEEING SUBSIDIARY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF UNDER OR IN CONNECTION WITH, THE INDENTURE, THE NOTES, THE NOTE GUARANTEES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.
5. Counterparts. This Supplemental Indenture may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original

Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic shall be deemed to be their original signatures for all purposes.

6. Headings. The headings of the Sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

7. The Trustee. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

[Signatures on the following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

GUARANTEETING SUBSIDIARY:

SOUTHERN AGGREGATES, LLC

By/s/ Gail M. Peck

Name: Gail M. Peck

Title: Vice President

Signature Page to Fourth Supplemental Indenture

ISSUER:

ARCOSA, INC.

By: /s/ Gail M. Peck

Name: Gail M. Peck

Title: Chief Financial Officer

Signature Page to Fourth Supplemental Indenture

TRUSTEE:

COMPUTERSHARE TRUST COMPANY,
N.A., as Trustee

By: /s/ Susan B. Wright
Name: Susan B. Wright
Title: Assistant Vice President

Signature Page to Fourth Supplemental Indenture

**ARCOSA, INC.
 PERFORMANCE-BASED RESTRICTED STOCK UNIT
 GRANT AGREEMENT
 PERFORMANCE PERIOD 20XX - 20XY**

Grantee: %%FIRST_NAME_MIDDLE_NAME_LAST_NAME%-%

Date of Grant: %%OPTION_DATE,'Month DD, YYYY'%-%

Restricted Stock Units: %%TOTAL_SHARES_GRANTED,'999,999,999'%-%

Vesting Date: %%VEST_DATE_PERIOD1,'Month DD, YYYY'%-%

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT AGREEMENT (the "Agreement"), is made by and between ARCOSA, INC. (hereinafter called, the "Company") and, the "Grantee", is made as of the "Date of Grant"; the performance period for this award is the three-year period from January 1, 20XX through December 31, 20XY (the "Performance Period").

WITNESSETH:

WHEREAS, the Grantee complies with the requirements of eligibility for the award of performance-based Restricted Stock Units under the Arcosa, Inc. 2018 Stock Option and Incentive Plan (the "Plan"); and

WHEREAS, the Company has determined to grant to the Grantee an award of performance-based Restricted Stock Units, denominated in Shares of the Company, so that one Restricted Stock Unit is valued as one Share, subject to the terms and conditions hereinafter set forth, as a performance incentive affording the Grantee an opportunity to obtain an increased proprietary interest in the Company, thereby promoting a closer nexus between the Grantee's interest and the interests of the Company, and to stimulate the Grantee's enthusiastic participation in the development, growth, performance, and financial success of the Company;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties hereto agree as follows:

1. Grant of Performance-Based Restricted Stock Units.

Subject to the terms and conditions of the Plan, this Agreement, and the restrictions set forth below, the Company hereby grants to the Grantee (this "Performance Unit Grant") a target award of the above indicated Restricted Stock Units (the Target Award"); provided that the actual number of Restricted Stock Units that are granted and may be vested under this Agreement may range from 0% to up to % of the Target Award, based upon the achievement of the goals and objectives during the Performance Period, as set forth on the attached Appendix (such actual number of Restricted Stock Units vested is referred to herein as, the "Vested Performance Units"). Each Vested Performance Unit shall be converted into one Share of the Company, in accordance with and subject to the terms and conditions of the Plan and this Agreement.

2. Stockholder Status.

The Grantee will have no rights as a stockholder (including, without limitation, the right to vote and to receive dividends) with respect to any Restricted Stock Units covered by this Agreement until the issuance of Shares to the Grantee (in certificated or book-entry form) upon the conversion of the Vested Performance Units into Shares. The Grantee, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the conversion of Vested Performance Units. Except as otherwise provided in Section 8 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such Shares.

3. Vesting; Forfeiture.

Subject to the special vesting and forfeiture rules in this Agreement (including, without limitation, the remedies set forth in Section 10(f) below) and subject to certain restrictions and conditions set forth in the Plan, the Restricted Stock Units shall become vested (i.e., become Vested Performance Units) effective as of the "Vesting Date", subject to determination by the Human Resources Committee of the Board of Directors (the "Committee") of the achievement of the requirements/targets set forth on the Appendix attached to this Agreement as of the end of the Performance Period, which Appendix is by this reference made a part hereof.

In addition, the following special rules shall apply:

- (i) In the event of the death of the Grantee or the termination of the Grantee's employment for Disability (as defined in the Plan) prior to the Vesting Date, the performance goals set forth on the attached Appendix shall be assumed to have been met at the target level on the date of such death or termination of employment for Disability, and the Grantee (or the Grantee's personal representative) shall become vested in Vested Performance Units on such date (the "Death/Disability Vesting Date") in an amount equal to the Target Performance Units multiplied by a fraction, the numerator of which is the number of days from the beginning of the Performance Period to the date of death or termination of employment for Disability, and the denominator of which is the number of days in the full Performance Period;
- (ii) Subject to Section 18 of the Plan, and except as expressly otherwise provided herein, in the event a Change in Control (as defined in the Plan) occurs, and (A) the Company or buyer or successor to the Company in such Change in Control continues or assumes this Agreement (or converts or replaces this Agreement with a new award containing substantially the same terms as this Agreement, other than terms rendered inoperative by reason of the Change in Control (a "Substitute Award")), the Target Award shall be converted into Time-Based Restricted Stock Units at the greater of target or actual performance, as determined by the Human Resources Committee, calculated as of the date of such Change in Control (the "Change in Control Date") and shall vest on the Vesting Date (or, if earlier, in accordance with the terms of Section 3(i) or (iii)), provided, however, if the Company, or such buyer or successor, terminates the Grantee's employment without Cause (as defined below) within 12 months of the Change in Control (a "Qualifying Termination"), the Time-Based Restricted Stock Units shall become 100% vested on the date of such Qualifying Termination; or (B) the Company or buyer or successor to the Company in such Change in Control does not continue or assume this Agreement (or convert or replace this Agreement with a Substitute Award),

the Grantee shall become 100% vested in the Target Award on the Change in Control Date in an amount based on the greater of target or actual performance, as determined by the Human Resources Committee, calculated as of the Change in Control Date (the "CIC Vesting Date"). Notwithstanding the foregoing, if the Grantee is a participant in the Arcosa, Inc. Change in Control Severance Plan, as may be amended from time to time (or any successor plan thereto) (the "CIC Plan") and the CIC Plan is in effect on the Change in Control Date, the terms of this Section 3(ii) shall not apply, and instead, treatment of the Target Award on a Change in Control shall be determined in accordance with the CIC Plan.

- (iii) Subject to item (iv) below, in the event of the Grantee's termination of employment without Cause (as defined below) or for Retirement (as defined below) prior to the Vesting Date, this Performance Unit Grant shall not be immediately forfeited and the Grantee shall become vested in Vested Performance Units on the Vesting Date, based on the level of achievement of the performance goals set forth on the attached Appendix at the end of the Performance Period as determined by the Committee, multiplied by a fraction, the numerator of which is the number of days from the beginning of the Performance Period to the date of termination without Cause or Retirement, as applicable, and the denominator of which is the number of days in the full Performance Period. For purposes of this Agreement,
 - (A) "Cause" means (1) the continued failure of the Grantee to satisfactorily perform the Grantee's duties with the Company or a failure of the Grantee to comply with the Company's code of conduct or written policies or procedures, or willful failure of the Grantee to follow directions of the Board or the Grantee's supervisor or manager, or any other willful act that likely will result in a materially negative effect to the Company, which, if curable, is not cured within thirty (30) days after notice thereof to the Grantee by the Company; (2) fraud, theft, misappropriation embezzlement, dishonesty or breach of fiduciary duty by the Grantee; (3) misappropriation of any corporate opportunity or otherwise obtaining personal profit from any transaction which is adverse to the interests of the Company or to the benefits of which the Company is entitled; (4) the conviction of a crime that has caused or may be reasonably expected to cause material injury to the Company or any of its Affiliates, or the conviction of a felony; or (5) the willful misconduct by the Grantee which is injurious to the Company (monetarily or otherwise), which if curable, is not cured by the Grantee within thirty (30) days after receipt by the Grantee of a written notice from the Company.
 - (B) "Retirement" shall mean the Grantee's voluntary termination of employment (other than by the Company or due to death or Disability), provided that at the time of the Grantee's termination of employment (1) the Grantee is at least 55 and (2) the sum of the Grantee's age and full years of continuous employment with the Company (and its Subsidiaries, Affiliates and any predecessor to the Company, its Subsidiaries or Affiliates) equal at least 65.
- (iv) The Grantee shall forfeit all of the unvested Restricted Stock Units to the Company, if, prior to vesting in accordance with this Section 3, the Grantee violates any of the provisions of Section 10 below, the Grantee's employment with the Company terminates

for any reason, or the Committee determines prior to the Vesting Date that such Restricted Stock Units shall not vest because one or more of the requirements/targets set forth in Appendix A have not been achieved. Upon forfeiture, all of the Grantee's rights with respect to the forfeited Restricted Stock Units shall cease and terminate, without any further obligations on the part of the Company.

4. Form and Timing of Payment.

Subject to the provisions of the Plan and this Agreement, upon the vesting of Restricted Stock Units in accordance with Section 3 above (on the Vesting Date, the Death/Disability Vesting Date, or the CIC Vesting Date, as applicable), or as soon as practicable following such vesting, but in no event later than sixty (60) days after the Vesting Date, the Death/Disability Vesting Date, or the CIC Vesting Date, as applicable, the Company shall convert the Vested Performance Units into (i) the number of whole Shares equal to the number of Vested Performance Units, (ii) a cash payment equal to the aggregate Fair Market Value of the Shares which otherwise would have been delivered at the time of conversion in lieu of delivering such Shares, or (iii) a combination of (i) and (ii) above, and shall deliver such Shares and/or cash to the Grantee or the Grantee's personal representative. Shares and/or cash shall only be delivered under this Section 4 if the Grantee or the Grantee's personal representative has made appropriate arrangements with the Company in accordance with Section 27 of the Plan for applicable taxes which are required to be withheld under federal, state or local law or the tax withholding requirement has otherwise been satisfied.

5. No Rights of Continued Service.

Nothing herein shall confer upon the Grantee any right to remain an officer or employee of the Company or one of its Subsidiaries, and nothing herein shall be construed in any manner to interfere in any way with the right of the Company or its Subsidiaries to terminate the Grantee's service at any time.

6. Interpretation of this Agreement.

The administration of the Plan has been vested in the Committee, and all questions of interpretation and application of this Performance Unit Grant shall be subject to determination by a majority of the members of the Committee, which determination shall be final and binding on Grantee.

7. Subject to Plan.

This Performance Unit Grant (including any Target Award (and any Vested Performance Units), as well as any Shares payable with respect thereto) is granted subject to the terms and provisions of the Plan, which Plan is incorporated herein by reference. In case of any conflict between this Agreement and the Plan, the terms and provisions of the Plan shall be controlling. Capitalized terms used herein, if not defined herein, shall be as defined in the Plan.

8. Adjustment of Number of Units.

The number of Restricted Stock Units awarded pursuant to this Agreement and the Shares to be delivered with respect to the Restricted Stock Units shall be subject to adjustment in accordance with Section 20 of the Plan.

9. Repayment on Restatement.

Vested and unvested Restricted Stock Units (and any Shares delivered upon conversion of Vested Performance Units) are subject to forfeiture in order to satisfy amounts recoverable by the Company that the Committee determines pursuant to the Policy for Repayment on Restatement of Financial Statements as may be in effect at the time of the determination, which policy is incorporated herein by reference.

10. Restrictive Covenants.

(a) Non-Disclosure; Confidential Information.

(i) During the Grantee's employment with the Company, the Company shall grant the Grantee otherwise prohibited access to the Company's Confidential Information. Throughout the Grantee's employment with the Company and thereafter: (x) the Grantee shall hold all Confidential Information in the strictest confidence, take all reasonable precautions to prevent its inadvertent disclosure to any unauthorized person, and follow all policies of the Company protecting the Confidential Information; and (y) the Grantee shall not, directly or indirectly, utilize, disclose or make available to any other person or entity, any of the Confidential Information, other than in the proper performance of the Grantee's duties. "Confidential Information" includes all trade secrets, inventions and confidential and proprietary information of the Company including, but not limited to, the following: all documents or information, in whatever form or medium, concerning or relating to any of the Company's discoveries; designs; plans; strategies; models; processes; techniques; technical improvements; development tools or techniques; modifications; formulas; patterns; devices; data; product information; manufacturing and engineering processes, data and strategies; operations; products; services; business practices; policies; training manuals; principals; vendors and vendor lists; suppliers and supplier lists; customers and potential customers; contractual relationships; research; development; know-how; technical data; software; product construction and product specifications; project information and data; developmental or experimental work; plans for research or future products; improvements; interpretations, and analyses; database schemas or tables; infrastructure; marketing methods; finances and financial information and data; business plans; marketing and sales plans and strategies; budgets; pricing and pricing strategies; costs; customer and client lists and profiles; customer and client nonpublic personal information; business records; audits; management methods and information; reports, recommendations and conclusions; and other business information disclosed or made available to the Grantee by the Company, either directly or indirectly, in writing, orally, or by drawings or observation. "Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (A) is generally available to the public on the Date of Grant or (B) becomes generally available to the public other than as a result of a disclosure not otherwise permissible hereunder.

(ii) If the Grantee shares Confidential Information with outside persons, other than as required to comply with applicable laws and as necessary to manage the Grantee's personal finances or in accordance with the exceptions contained in this Section 10(a), the Grantee's rights under this Agreement may be forfeited upon a determination by the Committee that the Grantee has violated this Section 10. Nothing in this Agreement prohibits the Grantee from reporting possible violations of U.S. federal or state law or regulations to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, making other disclosures that are protected under the whistleblower provisions of U.S. federal or state law or regulation, or participating in an investigation or proceeding conducted by any governmental or law enforcement agency or entity. The Grantee does not need the prior authorization of the Company to make

any such reports or disclosures, and the Grantee is not required to notify the Company that the Grantee has made such reports or disclosures.

(iii) This Agreement also does not prohibit the disclosure of a trade secret (as that term is defined under applicable law) that: (A) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, where such disclosure is made solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If the Grantee files a lawsuit for reporting a suspected violation of the law, the Grantee may disclose the trade secret to Grantee's attorney and use the trade secret in the court proceeding if the Grantee files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

(b) Non-Competition. In consideration for (i) this Agreement and the Restricted Stock Units provided herein; (ii) the Company's promise to provide Confidential Information to the Grantee, (iii) the substantial economic investment made by the Company in the Confidential Information and the goodwill of the Company, (iv) the Company's employment of the Grantee and (v) the compensation and other benefits provided by the Company to the Grantee, to protect the Company's Confidential Information and the business goodwill of the Company, the Grantee agrees to the following restrictive covenants and the covenants set forth in Sections 10(c), (d), (e) and (f). During the Grantee's employment and for a twelve (12) month period (the "Restricted Period") subsequent to the Grantee's date of termination, the Grantee agrees he or she will not, directly or indirectly, absent the express, written consent of the CFO or the Chief Legal Officer of the Company, or either of their respective designees, become or serve as, directly or indirectly, a director, officer, employee, owner, partner, advisor, agent, or consultant with, or engage in, any business that manufactures, provides or sells infrastructure products, which includes but is not limited to, construction materials and equipment, transportation products, energy equipment, and any other products and services provided by the Company or its affiliates during the Grantee's employment ("Competing Business"), in any state, and other similar geographic territory, in which the Company or any of its affiliates operate as of the date of the Grantee's termination of employment and for which the Grantee performed services, had responsibility or received Confidential Information ("Restricted Territory"). Further, for a twelve (12) month period after the Grantee's termination of employment, the Grantee agrees not to serve as a consulting or testifying expert for any third party in any legal proceedings (including arbitration or mediation) or threatened legal proceedings involving the Company, unless called to do so by the Company or an Affiliate. The Grantee agrees to notify the CFO in writing, with a copy of such notice to the Chief Legal Officer of the Company, in the event the Grantee accepts employment of any nature with any person, business, or entity during the Restricted Period.

(c) Non-Solicitation. During the Restricted Period, other than in connection with the Grantee's duties for the Company, the Grantee shall not, and shall not use any Confidential Information to, directly or indirectly, either as a principal, manager, agent, employee, consultant, officer, director, stockholder, partner, investor or lender or in any other capacity, and whether personally or through other persons, solicit business from, interfere with, or induce to curtail or cancel any business or contracts with the Company, or attempt to solicit business with, interfere with, or induce to curtail or cancel any business or contracts with the Company, or do business with any actual or prospective customer or client of the Company with whom the Company did business or who the Company solicited within the preceding two (2) years, and who or which: (i) the Grantee contacted, called on, serviced or did business with during the Grantee's employment with the Company; (ii) the Grantee learned of as a result of the Grantee's employment with the Company; or (iii) about whom the Grantee received Confidential Information. This restriction applies only to business which is in the scope of services or products provided by the Company.

(d) Non-Recruitment. During the Restricted Period, other than in connection with the Grantee's duties for the Company, the Grantee shall not, and shall not use any Confidential Information to, on behalf of the Grantee or on behalf of any other person or entity, directly or indirectly, hire, solicit, induce, recruit, engage, go into business with, or attempt to hire, solicit, induce, recruit, engage, go into business with, or encourage to leave or otherwise cease his/her employment with the Company, any individual who is an Employee or independent contractor of the Company or who was an Employee or independent contractor of the Company within the twelve (12) month period prior to the Grantee's termination of employment.

(e) Non-Disparagement. The Grantee agrees that the Company's goodwill and reputation are assets of great value to the Company which have been obtained and maintained through great costs, time and effort. Therefore, during the Grantee's employment and after the Grantee's Separation from Service for any reason, the Grantee shall not in any way disparage, libel or defame the Company, its business or business practices, its products or services, or its stockholders, managers, officers, directors, Employees, investors or Affiliates. Nothing in this Section 10(e) is intended to interfere with the Grantee's right to engage in the conduct set forth in Section 10(a)(ii) or (iii).

(f) Remedies. By acceptance of this Agreement, the Grantee acknowledges that the geographic scope and duration of the restrictions and covenants contained in this Section 10 are fair and reasonable in light of (i) the nature and wide geographic scope of the operations of the Company's business; (ii) the Grantee's level of control over and contact with the business in the Restricted Territory; and (iii) the amount of compensation and Confidential Information that the Grantee is receiving in connection with the Grantee's employment with the Company. If the Grantee violates any of the restrictions contained in this Section 10, the Restricted Period shall be suspended and shall not run in favor of the Grantee until such time that the Grantee cures the violation to the satisfaction of the Company and the period of time in which the Grantee is in breach shall be added to the Restricted Period applicable to such covenant(s). Further, by executing this Agreement, the Grantee acknowledges that the restrictions contained in this Section 10, in view of the nature of the Company's businesses, are reasonable and necessary to protect their legitimate business interests, business goodwill and reputation, and that any violation of these restrictions would result in irreparable injury and continuing damage to the Company. Accordingly, by executing this Agreement, the Grantee acknowledges and agrees that, in the event of the Grantee's breach or threatened breach of the provisions in this Section 10, the Company shall be entitled to a temporary restraining order and injunctive relief restraining the Grantee from the commission of such breach or threatened breach, without the necessity of establishing irreparable harm or the posting of a bond, and to recover from the Grantee damages incurred by the Company as a result of the breach, as well as the Company's attorneys' fees, costs and expenses related to such breach or threatened breach. In addition, in the event the Grantee violates any of the restrictions contained in this Section 10, all benefits under this Agreement shall immediately cease, no additional Shares will be due to the Grantee pursuant to this Agreement, the Vested Units shall be forfeited, and, to the extent the Grantee has previously received Shares pursuant to this Agreement, upon written demand by the Company, the Grantee must immediately repay the Company the Shares previously received (or the value thereof as of such date, if the Shares have been sold or otherwise disposed of by the Grantee). Nothing contained in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies available to it for any breach or threatened breach, including, without limitation, the recovery of money damages, attorneys' fees, and costs. The existence of any claim or cause of action by the Grantee against the Company, whether predicated on this Agreement, the Plan or otherwise, shall not constitute a defense to the enforcement by the Company of the restrictive covenants contained in this Section 10, or preclude injunctive relief.

11. Entire Agreement.

This Agreement together with the Plan supersede any and all other prior understandings, negotiations and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter, provided that if the Grantee is a participant in the CIC Plan, neither this Agreement nor the Plan shall supersede or replace the CIC Plan. The Grantee acknowledges that the Grantee is relying solely on the Grantee's own judgment in entering into this Agreement, and not on any communications, promises, or representations of the Company or its agent, except as expressly contained in this Agreement. The Committee may amend this Agreement without the Grantee's consent provided that it concludes that such amendment is not materially adverse to the Grantee, or is permitted under Section 20 of the Plan. Except as provided by the immediately preceding sentence, no change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties.

12. Law Governing.

This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

13. Notice.

Any notice required or permitted to be delivered hereunder shall be in writing and shall be deemed to be delivered only when actually received by the Company or the Grantee, as the case may be, at the addresses set forth below (or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith):

- (i) Notice to the Company shall be sent by mail, return receipt requested, or by recognized overnight courier, addressed and delivered as follows: Arcosa, Inc., 500 N. Akard St., Suite 400, Dallas, TX 75201, Attention: Executive Compensation Manager, with a copy to Attention: Chief Legal Officer.
- (ii) Notice to the Grantee shall be sent electronically to the Grantee's Company e-mail address or, in hard copy addressed and delivered to the Grantee's address then on file with the Company.

14. Restrictions on Transfer.

The Restricted Stock Units may not be sold, assigned transferred, pledged or otherwise disposed of or encumbered until the Restricted Stock Units have vested, and Shares have been delivered to the Grantee in accordance with Section 4, except by will or by the laws of descent and distribution.

15. Section 409A of the Code.

The parties intend this Agreement to be exempt from or compliant with the requirements of Section 409A of the Code and agree to interpret this Agreement at all times in accordance with such intent. Without limiting the generality of the foregoing, the term "termination of employment" or any similar term under the Agreement will be interpreted to mean a "separation from service" within the

meaning of Section 409A of the Code to the extent necessary to comply with Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations, warranties, or guarantees regarding the tax treatment of this Agreement under Section 409A of the Code or otherwise, and has advised the Grantee to obtain his or her own tax advisor regarding this Agreement.

16. Acceptance.

The grant of the Restricted Stock Units under this Agreement is subject to and conditioned upon the Grantee's electronic acceptance of the terms hereof.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Grantee, to evidence his or her consent and approval of all the terms hereof, has duly executed this Agreement, as of the Date of Grant.

ARCOSA, INC.

By:

Name:

Title:

GRANTEE

Name: %%FIRST_NAME_LAST_NAME%-%

APPENDIX - PERFORMANCE LEVEL, METRICS AND GOALS

Performance Period: January 1, 20XX – December 31, 20XY

CERTIFICATION

I, Antonio Carrillo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcosa, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2023

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer

CERTIFICATION

I, Gail M. Peck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcosa, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2023

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer

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

In connection with the Quarterly Report of Arcosa, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Antonio Carrillo, President and Chief Executive Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer
April 28, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report of Arcosa, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gail M. Peck, Chief Financial Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer
April 28, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Mine Safety Disclosures

The Company owned or operated mines during the three months ended March 31, 2023. The Financial Reform Act ("Dodd-Frank") requires us to disclose in our periodic reports filed with the SEC, specific information about each of our mines comprised of notices, violations, and orders¹ made by the Federal Mine Safety and Health Administration pursuant to the Federal Mine Safety and Health Act of 1977.

The following table is a summary of the reportable information required for our mines that operated during the three months ended March 31, 2023:

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Asa (4104399)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Cottonwood (4104553)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Kimball Bend (4105462)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Academy (4105537)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Paradise (4103253)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Indian Village (1600348)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Rye (4102547)	2	—	—	—	—	\$ —	—	No	No	—	—	—
Pearl River 1725 (1601334)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Eaves Loop (1601589)	1	—	—	—	—	\$ —	—	No	No	—	—	—
Moody (4105304)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Cameron 1336 (1) (4104482)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Bouse Junction (3401828)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Diamond 1885 (3401660)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Shamrock (4104758)	1	—	—	—	—	\$ 943	—	No	No	—	—	—
Adams Claim (2600668)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Cyril HG #2 (3401364)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Cyril 1883 HG #5 (3401964)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Ludwig (2602775)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Ft Stockton (4104943)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Orla (4104958)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Stanton (4105067)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Midkiff (4104913)	—	—	—	—	—	\$ —	—	No	No	—	—	—
McCamey Pit (4105507)	—	—	—	—	—	\$ —	—	No	No	—	—	—

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Seven Points (4104495)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Seattle 1890 (4503239)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Marianna Quarry (0801267)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Wills Point Lester (4104071)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Boulder (0504415)	3	1	—	—	—	\$ 6,737 ²	—	No	No	—	—	—
Brooklyn (1200254)	—	—	—	—	—	\$ —	—	No	No	3 ^{6,7,8}	—	—
Brooks (1500187)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Erwinville (1600033)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Frazier Park (0400555)	—	—	—	—	—	\$ — ³	—	No	No	—	—	—
Livingston (0100034)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Streetman (4101628)	—	—	—	—	—	\$ — ³	—	No	No	—	—	—
Ferris Malloy Bridge (4102946)	—	—	—	—	—	\$ — ³	—	No	No	—	—	—
Smithville (4105621)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Kitsap (4503363)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Laurel Aggregates (3608891)	1	—	—	—	—	\$ 325 ²	—	No	No	—	—	—
Winn - Clarksville (4003094)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Winn - GRQ (1519561)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Easterly Plant 10 (1601571)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Amite Plant 14 (1601578)	—	—	—	—	—	\$ — ³	—	No	No	—	—	—
Duvall Plant 19 (1601602)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Deridder Plant 20 (1601580)	—	—	—	—	—	\$ —	—	No	No	—	—	—
JJJ Plant 24 (1601590)	—	—	—	—	—	\$ — ³	—	No	No	—	—	—
Hattiesburg Plant 28 (2200823)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Goss Plant 29 (2200812)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Pearl River Plant 30 (1601506)	—	—	—	—	—	\$ 286	—	No	No	—	—	—
River Agg Hwy 242 Plant (4105046)	—	—	—	—	—	\$ —	—	No	No	—	—	—

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
River Agg Rye Plant 33 (4105364)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Northern Pit (0203296)	—	—	—	—	—	\$ — ³	—	No	No	—	—	—
Queen Creek Plant 1 (0202821)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Queen Creek Plant 3 (0202663)	—	—	—	—	—	\$ 286	—	No	No	—	—	—
Eagle Mountain Quarry (0203146)	—	—	—	—	—	\$ —	—	No	No	—	—	—
New Coolidge (0203338)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Old Coolidge (0203192)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Peoria Pit (0203359)	—	—	—	—	—	\$ — ³	—	No	No	—	—	—
Higley Pit (0203395)	—	—	—	—	—	\$ —	—	No	No	—	—	—

¹ Significant and Substantial (S&S) citations are reported on this form. Non-S&S citations are not reported on this form but any assessments resulting from non-S&S citations are reported.

² Proposed penalty amounts are pending regarding S&S and non-S&S citation(s) issued during the reporting period.

³ Proposed penalty amounts are pending regarding non-S&S citation(s) issued during the reporting period.

⁴ Proposed penalty amounts are pending regarding S&S citation(s) issued during the reporting period.

⁵ Proposed penalty amounts are pending regarding 107(a) order(s) issued during the reporting period.

⁶ Contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700.

⁷ Complaint of discharge, discrimination, or interference referenced in Subpart E of 29 CFR part 2700.

⁸ Contests of citations and orders referenced in Subpart B of 29 CFR Part 2700.