

**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, 2019

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 1-13783



IES Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

76-0542208
(I.R.S. Employer
Identification No.)

5433 Westheimer Road, Suite 500, Houston, Texas 77056
(Address of principal executive offices and ZIP code)

Registrant's telephone number, including area code: (713) 860-1500

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	IESC	NASDAQ Global Market
Rights to Purchase Preferred Stock	IESC	NASDAQ Global Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

On May 2, 2019, there were 21,368,483 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

DEFINITIONS

In this Quarterly Report on Form 10-Q, the words “IES”, the “Company”, the “Registrant”, “we”, “our”, “ours” and “us” refer to IES Holdings, Inc. and, except as otherwise specified herein, to our subsidiaries.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes certain statements that may be deemed “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “seek,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company’s actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to:

- the ability of our controlling stockholder to take action not aligned with other stockholders;
- the sale or disposition of the shares of our common stock held by our controlling stockholder, which, under certain circumstances, would trigger change of control provisions in our severance benefit plan or financing and surety arrangements, or any other substantial sale of our common stock, which could depress our stock price;
- the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership or a further change in the federal tax rate;
- the potential recognition of valuation allowances or write-downs on deferred tax assets;
- the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions;
- limitations on the availability of sufficient credit or cash flow to fund our working capital needs and capital expenditures and debt service;
- difficulty in fulfilling the covenant terms of our credit facility, including liquidity, EBITDA and other financial requirements, which could result in a default and acceleration of our indebtedness under our revolving credit facility;
- the possibility that we issue additional shares of common stock or convertible securities that will dilute the percentage ownership interest of existing stockholders and may dilute the book value per share of our common stock;
- the relatively low trading volume of our common stock, which could depress our stock price;
- competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects;
- future capital expenditures and refurbishment, repair and upgrade costs; and delays in and costs of refurbishment, repair and upgrade projects;
- a general reduction in the demand for our services;
- our ability to enter into, and the terms of, future contracts;
- success in transferring, renewing and obtaining electrical and other licenses;
- challenges integrating new businesses into the Company or new types of work, products or processes into our segments;
- credit and capital market conditions, including changes in interest rates that affect the cost of construction financing and mortgages, and the inability for some of our customers to retain sufficient financing, which could lead to project delays or cancellations;

- backlog that may not be realized or may not result in profits;
- the possibility of errors when estimating revenue and progress to date on percentage-of-completion contracts;
- uncertainties inherent in estimating future operating results, including revenues, operating income or cash flow;
- complications associated with the incorporation of new accounting, control and operating procedures;
- closures or sales of facilities resulting in significant future charges, including potential warranty losses or other unexpected liabilities, or a significant disruption of our operations;
- an increased cost of surety bonds affecting margins on work and the potential for our surety providers to refuse bonding or require additional collateral at their discretion;
- fluctuations in operating activity due to downturns in levels of construction or the housing market, seasonality and differing regional economic conditions;
- our ability to successfully manage projects;
- inaccurate estimates used when entering into fixed-priced contracts;
- the cost and availability of qualified labor and the ability to maintain positive labor relations;
- our ability to pass along increases in the cost of commodities used in our business, in particular, copper, aluminum, steel, fuel and certain plastics;
- a change in the mix of our customers, contracts or business;
- increases in bad debt expense and days sales outstanding due to liquidity problems faced by our customers;
- the recognition of potential goodwill, long-lived assets and other investment impairments;
- potential supply chain disruptions due to credit or liquidity problems faced by our suppliers;
- accidents resulting from the physical hazards associated with our work and the potential for accidents;
- the possibility that our current insurance coverage may not be adequate or that we may not be able to obtain a policy at acceptable rates;
- the possibility that our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur;
- disagreements with taxing authorities with regard to tax positions we have adopted;
- the recognition of tax benefits related to uncertain tax positions;
- the effect of litigation, claims and contingencies, including warranty losses, damages or other latent defect claims in excess of our existing reserves and accruals;
- growth in latent defect litigation in states where we provide residential electrical work for home builders not otherwise covered by insurance;
- interruptions to our information systems and cyber security or data breaches;
- liabilities under laws and regulations protecting the environment; and
- loss of key personnel and effective transition of new management.

You should understand that the foregoing, as well as other risk factors discussed in this document and those listed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2018, could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. We undertake no obligation to publicly update or revise any information, including information concerning our controlling stockholder, net operating losses, borrowing availability or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this report. Forward-looking statements are provided in this Quarterly Report on Form 10-Q pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties and risks described herein.

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In Thousands, Except Share Information)

	March 31, 2019 (Unaudited)	September 30, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 16,158	\$ 26,247
Accounts receivable:		
Trade, net of allowance of \$1,015 and \$868, respectively	160,946	151,578
Retainage	22,904	24,312
Inventories	23,729	20,966
Costs and estimated earnings in excess of billings	28,293	31,446
Prepaid expenses and other current assets	10,897	8,144
Total current assets	<u>262,927</u>	<u>262,693</u>
Property and equipment, net	26,520	25,364
Goodwill	50,622	50,702
Intangible assets, net	28,459	30,590
Deferred tax assets	43,081	46,580
Other non-current assets	5,662	6,065
Total assets	<u>\$ 417,271</u>	<u>\$ 421,994</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	129,704	130,591
Billings in excess of costs and estimated earnings	32,932	33,826
Total current liabilities	<u>162,636</u>	<u>164,417</u>
Long-term debt	19,672	29,564
Other non-current liabilities	3,655	4,374
Total liabilities	<u>185,963</u>	<u>198,355</u>
Noncontrolling interest	3,163	3,232
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par value, 100,000,000 shares authorized; 22,049,529 issued and 21,381,847 and 21,205,536 outstanding, respectively	220	220
Treasury stock, at cost, 667,682 and 843,993 shares, respectively	(8,443)	(8,937)
Additional paid-in capital	191,579	196,810
Retained earnings	44,789	32,314
Total stockholders' equity	<u>228,145</u>	<u>220,407</u>
Total liabilities and stockholders' equity	<u>\$ 417,271</u>	<u>\$ 421,994</u>

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

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(In Thousands, Except Share Information)
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenues	\$ 256,914	\$ 205,677
Cost of services	213,679	171,837
Gross profit	43,235	33,840
Selling, general and administrative expenses	35,070	29,647
Contingent consideration	(149)	71
Loss (gain) on sale of assets	98	(20)
Operating income	8,216	4,142
Interest and other (income) expense:		
Interest expense	535	473
Other (income) expense, net	(112)	(43)
Income from operations before income taxes	7,793	3,712
Provision for income taxes	2,336	1,425
Net income	5,457	2,287
Net (income) loss attributable to noncontrolling interest	32	(66)
Comprehensive income attributable to IES Holdings, Inc.	<u>\$ 5,489</u>	<u>\$ 2,221</u>
Earnings per share attributable to IES Holdings, Inc.:		
Basic	\$ 0.26	\$ 0.11
Diluted	\$ 0.26	\$ 0.11
Shares used in the computation of earnings per share:		
Basic	21,139,096	21,182,268
Diluted	21,379,746	21,440,570

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

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(In Thousands, Except Share Information)
(Unaudited)

	Six Months Ended March 31,	
	2019	2018
Revenues	\$ 500,756	\$ 403,977
Cost of services	415,920	337,073
Gross profit	84,836	66,904
Selling, general and administrative expenses	67,156	59,736
Contingent consideration	(115)	71
Loss (gain) on sale of assets	95	(34)
Operating income	17,700	7,131
Interest and other (income) expense:		
Interest expense	1,082	914
Other (income) expense, net	(65)	(141)
Income from operations before income taxes	16,683	6,358
Provision for income taxes	4,243	33,584
Net income (loss)	12,440	(27,226)
Net income attributable to noncontrolling interest	(67)	(122)
Comprehensive income (loss) attributable to IES Holdings, Inc.	\$ 12,373	\$ (27,348)
Earnings (loss) per share attributable to IES Holdings, Inc.:		
Basic	\$ 0.58	\$ (1.29)
Diluted	\$ 0.58	\$ (1.29)
Shares used in the computation of earnings (loss) per share:		
Basic	21,187,834	21,189,641
Diluted	21,424,522	21,189,641

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

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (unaudited)
(In Thousands, Except Share Information)

	Three Months Ended March 31, 2019						Total Stockholders' Equity
	Common Stock		Treasury Stock			Retained Earnings	
	Shares	Amount	Shares	Amount	APIC		
BALANCE, December 31, 2018	22,049,529	\$ 220	(763,426)	\$(8,896)	\$ 194,607	\$39,300	\$ 225,231
Issuances under compensation plans	—	—	3,991	71	(71)	—	—
Grants under compensation plan	—	—	283,195	3,582	(3,582)	—	—
Acquisition of treasury stock	—	—	(191,442)	(3,200)	—	—	(3,200)
Non-cash compensation	—	—	—	—	625	—	625
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	5,489	5,489
BALANCE, March 31, 2019	<u>22,049,529</u>	<u>\$ 220</u>	<u>(667,682)</u>	<u>\$(8,443)</u>	<u>\$ 191,579</u>	<u>\$44,789</u>	<u>\$ 228,145</u>

	Three Months Ended March 31, 2018						Total Stockholders' Equity
	Common Stock		Treasury Stock			Retained Earnings	
	Shares	Amount	Shares	Amount	APIC		
BALANCE, December 31, 2017	22,049,529	\$ 220	(710,784)	\$(6,881)	\$ 197,312	\$16,858	\$ 207,509
Grants under compensation plans	—	—	250	2	(2)	—	—
Acquisition of treasury stock	—	—	(79,817)	(1,229)	—	—	(1,229)
Non-cash compensation	—	—	—	—	(475)	—	(475)
Increase in noncontrolling interest	—	—	—	—	—	44	44
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	2,221	2,221
BALANCE, March 31, 2018	<u>22,049,529</u>	<u>\$ 220</u>	<u>(790,351)</u>	<u>\$(8,108)</u>	<u>\$ 196,835</u>	<u>\$19,123</u>	<u>\$ 208,070</u>

	Six Months Ended March 31, 2019						Total Stockholders' Equity
	Common Stock		Treasury Stock			Retained Earnings	
	Shares	Amount	Shares	Amount	APIC		
BALANCE, September 30, 2018	22,049,529	\$ 220	(843,993)	\$(8,937)	\$ 196,810	\$32,314	\$ 220,407
Issuances under compensation plans	—	—	216,679	2,323	(2,323)	—	—
Grants under compensation plan	—	—	283,195	3,582	(3,582)	—	—
Cumulative effect adjustment from adoption of new accounting standard	—	—	—	—	—	102	102
Acquisition of treasury stock	—	—	(323,563)	(5,411)	—	—	(5,411)
Non-cash compensation	—	—	—	—	674	—	674
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	12,373	12,373
BALANCE, March 31, 2019	<u>22,049,529</u>	<u>\$ 220</u>	<u>(667,682)</u>	<u>\$(8,443)</u>	<u>\$ 191,579</u>	<u>\$44,789</u>	<u>\$ 228,145</u>

	Six Months Ended March 31, 2018						Total Stockholders' Equity
	Common Stock		Treasury Stock			Retained Earnings	
	Shares	Amount	Shares	Amount	APIC		
BALANCE, September 30, 2017	22,049,529	\$ 220	(712,554)	\$(6,898)	\$ 196,955	\$ 46,427	\$ 236,704
Grants under compensation plans	—	—	520	5	(5)	—	—
Acquisition of treasury stock	—	—	(79,817)	(1,230)	—	—	(1,230)
Options exercised	—	—	1,500	15	(4)	—	11
Non-cash compensation	—	—	—	—	(111)	—	(111)
Increase in noncontrolling interest	—	—	—	—	—	44	44
Net loss attributable to IES Holdings, Inc.	—	—	—	—	—	(27,348)	(27,348)
BALANCE, March 31, 2018	<u>22,049,529</u>	<u>\$ 220</u>	<u>(790,351)</u>	<u>\$(8,108)</u>	<u>\$ 196,835</u>	<u>\$ 19,123</u>	<u>\$ 208,070</u>

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

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Six Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 12,440	\$(27,226)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Bad debt expense	248	96
Deferred financing cost amortization	156	142
Depreciation and amortization	4,846	4,269
Loss (gain) on sale of assets	95	(34)
Non-cash compensation expense	674	(111)
Deferred income taxes	4,243	33,584
Changes in operating assets and liabilities:		
Accounts receivable	(9,616)	14,945
Inventories	(2,873)	(665)
Costs and estimated earnings in excess of billings	3,152	(1,921)
Prepaid expenses and other current assets	(764)	97
Other non-current assets	(1,370)	(52)
Accounts payable and accrued expenses	(144)	(10,081)
Billings in excess of costs and estimated earnings	(948)	(2,098)
Other non-current liabilities	(736)	214
Net cash provided by operating activities	<u>9,403</u>	<u>11,159</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,929)	(2,327)
Proceeds from sale of assets	7	94
Cash paid in conjunction with business combinations	—	(175)
Net cash used in investing activities	<u>(3,922)</u>	<u>(2,408)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of debt	122	68
Repayments of debt	(10,144)	(109)
Distribution to noncontrolling interest	(137)	(69)
Purchase of treasury stock	(5,411)	(1,229)
Issuance of shares	—	11
Net cash used in financing activities	<u>(15,570)</u>	<u>(1,328)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,089)	7,423
CASH, CASH EQUIVALENTS and RESTRICTED CASH, beginning of period	26,247	28,290
CASH, CASH EQUIVALENTS and RESTRICTED CASH, end of period	<u>\$ 16,158</u>	<u>\$ 35,713</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 1,008	\$ 788
Cash paid for income taxes (net)	\$ 523	\$ 1,456

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

IES HOLDINGS, INC.
Notes to the Condensed Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)
(Unaudited)

1. BUSINESS AND ACCOUNTING POLICIES

Description of the Business

IES Holdings, Inc. is a holding company that owns and manages operating subsidiaries in business activities across a variety of end markets. Our operations are currently organized into four principal business segments, based upon the nature of our current services:

- Commercial & Industrial – Provider of electrical and mechanical design, construction, and maintenance services to the commercial and industrial markets in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market.
- Communications – Nationwide provider of technology infrastructure products and services to large corporations and independent businesses.
- Infrastructure Solutions – Provider of electro-mechanical solutions for industrial operations, including apparatus repair and custom-engineered products.
- Residential – Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.

The words “IES”, the “Company”, “we”, “our”, and “us” refer to IES Holdings, Inc. and, except as otherwise specified herein, to our subsidiaries.

Seasonality and Quarterly Fluctuations

Results of operations from our Residential construction segment are seasonal, depending on weather trends, with typically higher revenues generated during spring and summer and lower revenues generated during fall and winter, with an impact from precipitation in the warmer months. The Commercial & Industrial, Communications and Infrastructure Solutions segments of our business are less subject to seasonal trends, as work in these segments generally is performed inside structures protected from the weather, although weather can still impact these businesses, especially in the early stages of projects. Our service and maintenance business is generally not affected by seasonality. Our volume of business may be adversely affected by declines in construction projects resulting from adverse regional or national economic conditions. Quarterly results may also be materially affected by the timing of new construction projects. Results for our Infrastructure Solutions segment may be affected by the timing of outages at our customers’ facilities. Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

Basis of Financial Statement Preparation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of IES, our wholly-owned subsidiaries, and entities that we control due to ownership of a majority of voting interest and have been prepared in accordance with the instructions to interim financial reporting as prescribed by the Securities and Exchange Commission (the “SEC”). The results for the interim periods are not necessarily indicative of results for the entire year. These interim financial statements do not include all disclosures required by U.S. generally accepted accounting principles (“GAAP”), and should be read in conjunction with the consolidated financial statements and notes thereto filed with the SEC in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018. In the opinion of management, the unaudited Condensed Consolidated Financial Statements contained in this report include all known accruals and adjustments necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods reported herein. Any such adjustments are of a normal recurring nature.

Noncontrolling Interest

In connection with our acquisitions of STR Mechanical, LLC (“STR Mechanical”) in fiscal 2016 and NEXT Electric, LLC (“NEXT Electric”) in fiscal 2017, we acquired an 80 percent interest in each of the entities, with the remaining 20 percent interest in each such entity being retained by the respective third party seller. The interests retained by those third party sellers are identified on our Condensed Consolidated Balance Sheets as noncontrolling interest, classified outside of permanent equity. Under the terms of each entity’s operating agreement, after five years from the date of the acquisition, we may elect to purchase, or the third party seller may

IES HOLDINGS, INC.
Notes to the Condensed Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)
(Unaudited)

require us to purchase, part or all of the remaining 20 percent interest in the applicable entity. The purchase price is variable, based on a multiple of earnings as defined in the operating agreements. Therefore, this noncontrolling interest is carried at the greater of the balance determined under Accounting Standards Codification (“ASC”) 810 and the redemption amounts assuming the noncontrolling interests were redeemable at the balance sheet date. If all of these interests had been redeemable at March 31, 2019, the redemption amount would have been \$1,428. For the six months ended March 31, 2018, we recorded an increase to retained earnings of \$44 to decrease the carrying amount of the noncontrolling interest in STR Mechanical to the balance determined under ASC 810, as, if it had been redeemable at March 31, 2019, the redemption amount would have been less than the carrying amount.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are primarily used in our revenue recognition of construction in progress, fair value assumptions in accounting for business combinations and analyzing goodwill, investments, intangible assets and long-lived asset impairments and adjustments, allowance for doubtful accounts receivable, stock-based compensation, reserves for legal matters, realizability of deferred tax assets, unrecognized tax benefits and self-insured claims liabilities and related reserves.

Income Taxes

In December 2017, the Tax Cuts and Jobs Act (the “Act”) was enacted, which, among other changes, reduced the federal statutory corporate tax rate from 35% to 21%, effective January 1, 2018. As a result of this change, the Company’s statutory tax rate for fiscal 2018 was a blended rate of 24.53% and decreased to 21% in 2019. For the six months ended March 31, 2018, our effective tax rate differed from the statutory tax rate as a result of a charge of \$31,487 to re-measure our deferred tax assets and liabilities to reflect the impact of the new statutory tax rate. The Company completed its accounting for the income tax effects of the Act and fully recorded the impact in the year ended September 30, 2018.

Accounting Standards Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update No. 2016-02, Leases (“ASU 2016-02”). Under ASU 2016-02, lessees will need to recognize a right-of-use asset and a lease liability on our Balance Sheet for all leases, other than those that meet the definition of a short-term lease. For income statement purposes, leases must be classified as either operating or finance. Operating leases will result in straight-line expense, similar to current operating leases, while finance leases will be accounted for similar to current capital leases. ASU 2016-02 becomes effective for the fiscal year ended September 30, 2020. We are currently evaluating the impact it will have on our Condensed Consolidated Financial Statements.

In June 2016, the FASB issued Accounting Standard Update No. 2016-13, Financial Instruments – Credit Losses (“ASU 2016-13”), which requires companies to consider historical experiences, current market conditions and reasonable and supportable forecasts in the measurement of expected credit losses. This update is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, although early adoption is permitted. We are currently evaluating the impact it will have on our Condensed Consolidated Financial Statements.

In June 2018, the FASB issued Accounting Standard Update No. 2018-07, Compensation—Stock Compensation (“ASU 2018-07”), to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments for employees, with certain exceptions. Under the new guidance, the cost for nonemployee awards may be lower and less volatile than under current GAAP because the measurement generally will occur earlier and will be fixed at the grant date. This update is effective for the fiscal year ended September 30, 2020.

In August 2018, the FASB issued Accounting Standard Update No. 2018-13, Fair Value Measurement Disclosure Framework (“ASU 2018-13”), to modify certain disclosure requirements for fair value measurements. Under the new guidance, registrants will need to disclose weighted average information for significant unobservable inputs for all Level 3 fair value measurements. The guidance does not specify how entities should calculate the weighted average, but requires them to explain their calculation. The new guidance also requires disclosing the changes in unrealized gain and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements of instruments held at the end of the reporting period. This guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, although early adoption is permitted for either the entire standard or only the provisions that eliminate or modify the requirements.

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We do not expect ASU 2018-07 or ASU 2018-13 to have a material effect on our Condensed Consolidated Financial Statements

Accounting Standards Recently Adopted

In May 2014, the FASB issued Accounting Standard Update No. 2014-09, which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes prior industry-specific guidance. The new standard requires companies to recognize revenue when control of promised goods or services is transferred to customers at an amount that reflects the consideration to which the company expects to be entitled. The new model requires companies to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time for each obligation. The new standard also expands disclosure requirements regarding revenue and cash flows arising from contracts with customers.

We adopted the new revenue recognition standard on October 1, 2018 (“Adoption Date”), using the modified retrospective method, which provides for a cumulative effect adjustment to beginning fiscal 2019 retained earnings for uncompleted contracts impacted by the adoption. We recorded an adjustment of \$102 to beginning fiscal 2019 retained earnings as a result of adoption of the new standard. The changes to the method and/or timing of our revenue recognition associated with the new standard primarily affect revenue recognition within our Infrastructure Solutions segment for which, as of October 1, 2018, certain of our contracts do not qualify for revenue recognition over time. In addition, we have now combined in process contracts that historically had been accounted for as separate contracts in cases where those contracts meet the criteria for combination of contracts under the new standard, and we now capitalize certain commissions which were previously expensed when incurred. The impact on our results for the quarter and year ended March 31, 2019, of applying the new standard to our contracts was not material.

Consistent with our adoption method, the comparative prior period information for the three and six months ended March 31, 2018, continues to be reported using the previous accounting standards in effect for the period presented. We have elected to utilize the modified retrospective transition practical expedient that allows us to evaluate the impact of contract modifications as of the Adoption Date rather than evaluating the impact of the modifications at the time they occurred prior to the Adoption Date.

See Note 3, “Revenue Recognition” for additional discussion of our revenue recognition accounting policies and expanded disclosures.

In January 2016, the FASB issued Accounting Standard Update No. 2016-01, Financial Instruments. This standard is associated with the recognition and measurement of financial assets and liabilities, with further clarifications made in February 2018 with the issuance of Accounting Standard Update No. 2018-03. The amended guidance requires certain equity investments that are not consolidated and not accounted for under the equity method to be measured at fair value with changes in fair value recognized in net income rather than as a component of accumulated other comprehensive income (loss). It further states that an entity may choose to measure equity investments that do not have readily determinable fair values using a quantitative approach, or measurement alternative, which is equal to its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Our adoption of this standard on October 1, 2018 had no impact on our Condensed Consolidated Financial Statements.

In January 2017, the FASB issued Accounting Standard Update No. 2017-01, Business Combinations. This standard clarifies the definition of a business to assist entities with evaluation of whether transactions should be accounted for as acquisitions or disposals of assets or businesses. Our adoption of this standard on October 1, 2018 using the prospective transition method had no impact on our Condensed Consolidated Financial Statements.

In May 2017, the FASB issued Accounting Standard Update No. 2017-09, Compensation—Stock Compensation, to reduce the diversity in practice and the cost and complexity when changing the terms or conditions of a share-based payment award. Our adoption of this standard on October 1, 2018 using the prospective transition method had no impact on our Condensed Consolidated Financial Statements.

2. CONTROLLING STOCKHOLDER

Tontine Associates, L.L.C. and its affiliates (collectively, “Tontine”), is the Company’s controlling stockholder, owning approximately 57.5 percent of the Company’s outstanding common stock according to a Schedule 13D/A filed with the SEC by Tontine on January 11, 2019. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of stockholders.

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While Tontine is subject to certain restrictions under federal securities laws on sales of its shares as an affiliate, the Company has filed a shelf registration statement to register all of the shares of IES common stock owned by Tontine at the time of registration. As long as the shelf registration statement remains effective and the Company remains eligible to use it, Tontine has the ability to resell any or all of its registered shares from time to time in one or more offerings, as described in the shelf registration statement and in any prospectus supplement filed in connection with an offering pursuant to the shelf registration statement.

Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership of IES could occur. A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of the Company's net operating losses ("NOLs") for federal and state income tax purposes. On November 8, 2016, the Company implemented a new tax benefit protection plan (the "NOL Rights Plan"). The NOL Rights Plan was designed to deter an acquisition of the Company's stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. There can be no assurance that the NOL Rights Plan will be effective in deterring a change of ownership or protecting the NOLs. Furthermore, a change in control would trigger the change of control provisions in a number of our material agreements, including our credit facility, bonding agreements with our sureties and our severance arrangements.

Jeffrey L. Gendell was appointed as a member of the Board of Directors and as Chairman of the Board in November 2016. He is the managing member and founder of Tontine, and the brother of David B. Gendell, who has served as a member of our Board of Directors since February 2012, and who previously served as Interim Director of Operations from November 2017 to January 2019, as Vice Chairman of the Board from November 2016 to November 2017 and as Chairman of the Board from January 2015 to November 2016. David B. Gendell was an employee of Tontine from 2004 until December 31, 2017.

The Company is party to a sublease agreement with Tontine Associates, L.L.C. for corporate office space in Greenwich, Connecticut. On May 1, 2019, sublease was extended for a six month term expiring December 31, 2019, with an increase in the monthly rent to \$9, reflecting the increase paid by Tontine Associates, L.L.C. to its landlord. The lease has terms at market rates, and payments by the Company are at a rate consistent with that paid by Tontine Associates, L.L.C. to its landlord.

On December 6, 2018, the Company entered into a Board Observer Letter Agreement with Tontine Associates, L.L.C. in order to assist Tontine in managing its investment in the Company. Subject to the terms and conditions set forth in the Letter Agreement, the Company granted Tontine the right, at any time that Tontine holds at least 20% of the outstanding common stock of the Company, to appoint a representative to serve as an observer to the Board (the "Board Observer"). The Board Observer, who must be reasonably acceptable to those members of the Board who are not affiliates of Tontine, shall have no voting rights or other decision making authority. Subject to the terms and conditions set forth in the Letter Agreement, so long as Tontine has the right to appoint a Board Observer, the Board Observer will have the right to attend and participate in meetings of the Board and the committees thereof, subject to confidentiality requirements, and to receive reimbursement for reasonable out-of-pocket expenses incurred in his or her capacity as a Board Observer and such rights to coverage under the Company's directors' and officers' liability insurance policy as are available to the Company's directors.

3. REVENUE RECOGNITION

Contracts

Our revenue is derived from contracts with customers, and we determine the appropriate accounting treatment for each contract at contract inception. Our contracts primarily relate to electrical and mechanical contracting services, technology infrastructure products and services, and electro-mechanical solutions for industrial operations. Revenue is earned based upon an agreed fixed price or actual costs incurred plus an agreed upon percentage.

We account for a contract when: (i) it has approval and commitment from both parties, (ii) the rights of the parties are identified, (iii) payment terms are identified, (iv) the contract has commercial substance, and (v) collectability of consideration is probable. We consider the start of a project to be when the above criteria have been met and we have written authorization from the customer to proceed.

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Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

We recognize revenue over time for the majority of the services we perform as (i) control continuously transfers to the customer as work progresses at a project location controlled by the customer and (ii) we have the right to bill the customer as costs are incurred. Within our Infrastructure Solutions segment, we often perform work inside our own facilities, where control does not continuously transfer to the customer as work progresses. In such cases, we evaluate whether we have the right to bill the customer as costs are incurred. Such assessment involves an evaluation of contractual termination clauses. Where we have a contractual right to payment for work performed to date, we recognize revenue over time. If we do not have such a right, we recognize revenue upon completion of the contract, when control of the work transfers to the customer.

For fixed price arrangements, we use the percentage of completion method of accounting under which revenue recognized is measured principally by the costs incurred and accrued to date for each contract as a percentage of the estimated total cost for each contract at completion. Contract costs include all direct material, labor and indirect costs related to contract performance. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs and income, and the effects of these revisions are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments.

Variable Consideration

The transaction price for our contracts may include variable consideration, which includes increases to transaction price for approved and unapproved change orders, claims and incentives, and reductions to transaction price for liquidated damages. Change orders, claims and incentives are generally not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as a modification of the existing contract and performance obligation. We estimate variable consideration for a performance obligation at the probability weighted value we expect to receive (or the most probable amount we expect to incur in the case of liquidated damages, if any), utilizing estimation methods that best predict the amount of consideration to which we will be entitled (or will be incurred in the case of liquidated damages, if any). We include variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. The effect of variable consideration on the transaction price of a performance obligation is recognized as an adjustment to revenue on a cumulative catch-up basis. To the extent unapproved change orders and claims reflected in transaction price (or excluded from transaction price in the case of liquidated damages) are not resolved in our favor, or to the extent incentives reflected in transaction price are not earned, there could be reductions in, or reversals of, previously recognized revenue.

Costs of Obtaining a Contract

In certain of our operations, we incur commission costs related to entering into a contract that we only incurred because of that contract. When this occurs, we capitalize that cost and amortize it over the expected term of the contract. At March 31, 2019, we had capitalized commission costs of \$100.

We generally do not incur significant incremental costs related to obtaining or fulfilling a contract prior to the start of a project. On rare occasions, when significant pre-contract costs are incurred, they will be capitalized and amortized on a percentage of completion basis over the life of the contract.

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Disaggregation of Revenue

We disaggregate our revenue from contracts with customers by activity and contract type, as these categories reflect how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Our consolidated 2019 and 2018 revenue was derived from the following service activities. See details in the following tables:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
Commercial & Industrial	\$ 79,975	65,589	152,558	118,591
Communications	70,437	50,244	139,762	104,703
Infrastructure Solutions				
Industrial Services	12,145	10,404	24,368	21,457
Custom Power Solutions	22,305	13,462	39,561	24,094
Total	<u>34,450</u>	<u>23,866</u>	<u>63,929</u>	<u>45,551</u>
Residential				
Single-family	51,492	43,594	101,968	88,208
Multi-family and Other	20,560	22,384	42,539	46,924
Total	<u>72,052</u>	<u>65,978</u>	<u>144,507</u>	<u>135,132</u>
Total Revenue	<u>\$256,914</u>	<u>\$205,677</u>	<u>\$500,756</u>	<u>\$403,977</u>

	Three Months Ended March 31, 2019				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	\$ 76,467	\$ 48,602	\$ 30,130	\$ 72,052	\$227,251
Time-and-material	3,508	21,835	4,320	—	29,663
Total revenue	<u>\$ 79,975</u>	<u>\$ 70,437</u>	<u>\$ 34,450</u>	<u>\$ 72,052</u>	<u>\$256,914</u>

	Three Months Ended March 31, 2018				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	\$ 58,183	\$ 37,344	\$ 20,636	\$ 65,978	\$182,141
Time-and-material	7,406	12,900	3,230	—	23,536
Total revenue	<u>\$ 65,589</u>	<u>\$ 50,244</u>	<u>\$ 23,866</u>	<u>\$ 65,978</u>	<u>\$205,677</u>

	Six Months Ended March 31, 2019				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	\$ 142,297	\$ 97,431	\$ 57,641	\$ 144,507	\$441,876
Time-and-material	10,261	42,331	6,288	—	58,880
Total revenue	<u>\$ 152,558</u>	<u>\$ 139,762</u>	<u>\$ 63,929</u>	<u>\$ 144,507</u>	<u>\$500,756</u>

	Six Months Ended March 31, 2018				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	\$ 107,103	\$ 81,500	\$ 40,309	\$ 135,132	\$364,044
Time-and-material	11,488	23,203	5,242	—	39,933
Total revenue	<u>\$ 118,591</u>	<u>\$ 104,703</u>	<u>\$ 45,551</u>	<u>\$ 135,132</u>	<u>\$403,977</u>

Accounts Receivable

Accounts receivable include amounts which we have billed or have an unconditional right to bill our customers. As of March 31, 2019, Accounts receivable included \$10,173 of unbilled receivables for which we have an unconditional right to bill.

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Contract Assets and Liabilities

Project contracts typically provide for a schedule of billings on percentage of completion of specific tasks inherent in the fulfillment of our performance obligation(s). The schedules for such billings usually do not precisely match the schedule on which costs are incurred. As a result, contract revenue recognized in the statement of operations can and usually does differ from amounts that can be billed to the customer at any point during the contract. Amounts by which cumulative contract revenue recognized on a contract as of a given date exceed cumulative billings and unbilled receivables to the customer under the contract are reflected as a current asset in our balance sheet under the caption "Costs and estimated earnings in excess of billings". To the extent amounts by which cumulative billings to the customer under a contract as of a given date exceed cumulative contract revenue recognized are reflected as a current liability in our balance sheet under the caption "Billings in excess of costs and estimated earnings".

The net asset (liability) position for contracts in process consisted of the following:

	March 31, 2019	September 30, 2018
Costs and estimated earnings on uncompleted contracts	\$ 586,289	\$ 539,226
Less: Billings to date and unbilled accounts receivable	(590,928)	(541,606)
	<u>\$ (4,639)</u>	<u>\$ (2,380)</u>

The net asset (liability) position for contracts in process included in the accompanying consolidated balance sheets was as follows:

	March 31, 2019	September 30, 2018
Costs and estimated earnings in excess of billings	\$ 28,293	\$ 31,446
Billings in excess of costs and estimated earnings	(32,932)	(33,826)
	<u>\$ (4,639)</u>	<u>\$ (2,380)</u>

During the three months ended March 31, 2019, and 2018, we recognized revenue of \$18,114 and \$14,977 related to our contract liabilities at January 1, 2019 and 2018, respectively. During the six months ended March 31, 2019, and 2018, we recognized revenue of \$24,701 and \$25,575 related to our contract liabilities at October 1, 2018 and 2017, respectively.

We did not have any impairment losses recognized on our receivables or contract assets for the three and six months ended March 31, 2019 or 2018.

Remaining Performance Obligations

Remaining performance obligations represent the unrecognized revenue value of our contract commitments. New awards represent the total expected revenue value of new contract commitments undertaken during a given period, as well as additions to the scope of existing contract commitments. Our new performance obligations vary significantly each reporting period based on the timing of our major new contract commitments. At March 31, 2019, we had remaining performance obligations of \$423,718. The Company expects to recognize revenue on approximately \$376,680 of the remaining performance obligations over the next 12 months, with the remaining recognized thereafter.

For the three and six months ended March 31, 2019, net revenue recognized from our performance obligations satisfied in previous periods was not material.

4. DEBT

At March 31, 2019, and September 30, 2018, our long-term debt of \$19,672 and \$29,564, respectively, primarily related to amounts drawn on our revolving credit facility. Our weighted-average annual interest rate on these borrowings was 4.52% at March 31, 2019, and 3.86% at September 30, 2018. At March 31, 2019, we also had \$6,551 in outstanding letters of credit and total availability of \$71,698 under our revolving credit facility without violating our financial covenants.

Pursuant to our Second Amended and Restated Credit and Security Agreement with Wells Fargo Bank, N.A. (as amended, the "Credit Agreement"), the Company is subject to the financial or other covenants disclosed in Item 7 of our Annual Report on Form 10-K for the year ended September 30, 2018.

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There have been no other changes to those covenants. The Company was in compliance with the financial covenants as of March 31, 2019.

At March 31, 2019, the carrying value of amounts outstanding on our revolving credit facility approximated fair value, as debt incurs interest at a variable rate. The fair value of the debt is classified as a Level 2 measurement.

5. PER SHARE INFORMATION

The following tables reconcile the components of basic and diluted earnings per share for the three and six months ended March 31, 2019, and 2018:

	Three Months Ended March 31,	
	2019	2018
Numerator:		
Net income attributable to common stockholders of IES Holdings, Inc.	\$ 5,467	\$ 2,250
Decrease in noncontrolling interest	—	(44)
Net income attributable to restricted stockholders of IES Holdings, Inc.	22	15
Net income attributable to IES Holdings, Inc.	<u>\$ 5,489</u>	<u>\$ 2,221</u>
Denominator:		
Weighted average common shares outstanding — basic	21,139,096	21,182,268
Effect of dilutive stock options and non-vested restricted stock	<u>240,650</u>	<u>258,302</u>
Weighted average common and common equivalent shares outstanding — diluted	<u>21,379,746</u>	<u>21,440,570</u>
Earnings per share attributable to IES Holdings, Inc.:		
Basic	\$ 0.26	\$ 0.11
Diluted	\$ 0.26	\$ 0.11
	Six Months Ended March 31,	
	2019	2018
Numerator:		
Net income (loss) attributable to common stockholders of IES Holdings, Inc.	\$ 12,348	\$ (27,304)
Decrease in noncontrolling interest	—	(44)
Net income (loss) attributable to restricted stockholders of IES Holdings, Inc.	25	—
Net income (loss) attributable to IES Holdings, Inc.	<u>\$ 12,373</u>	<u>\$ (27,348)</u>
Denominator:		
Weighted average common shares outstanding — basic	21,187,834	21,189,641
Effect of dilutive stock options and non-vested restricted stock	<u>236,688</u>	<u>—</u>
Weighted average common and common equivalent shares outstanding — diluted	<u>21,424,522</u>	<u>21,189,641</u>
Earnings (loss) per share attributable to IES Holdings, Inc.:		
Basic	\$ 0.58	\$ (1.29)
Diluted	\$ 0.58	\$ (1.29)

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When an entity has a net loss, it is prohibited from including potential common shares in the computation of diluted per share amounts. Accordingly, we have utilized basic shares outstanding to calculate both basic and diluted loss per share for the six months ended March 31, 2018. The number of potential anti-dilutive shares excluded from the calculation was 255,146 shares. For the three months ended March 31, 2018, and the three and six months ended March 31, 2019, the average price of our common shares exceeded the exercise price of all of our outstanding options; therefore, all of our outstanding stock options were included in the computation of fully diluted earnings per share.

6. OPERATING SEGMENTS

We manage and measure performance of our business in four distinct operating segments: Commercial & Industrial, Communications, Infrastructure Solutions and Residential. These segments are reflective of how the Company's Chief Operating Decision Maker ("CODM") reviews operating results for the purpose of allocating resources and assessing performance. The Company's CODM is its Chief Executive Officer.

Transactions between segments, if any, are eliminated in consolidation. Our corporate office provides general and administrative, as well as support services, to our four operating segments. Management allocates certain shared costs between segments for selling, general and administrative expenses and depreciation expense.

Segment information for the three and six months ended March 31, 2019, and 2018 is as follows:

	Three Months Ended March 31, 2019					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	\$ 79,975	\$ 70,437	\$ 34,450	\$ 72,052	\$ —	\$256,914
Cost of services	71,184	58,492	27,004	56,999	—	213,679
Gross profit	8,791	11,945	7,446	15,053	—	43,235
Selling, general and administrative	7,363	7,666	4,685	11,187	4,169	35,070
Contingent consideration	—	—	(149)	—	—	(149)
Loss (gain) on sale of assets	(1)	—	101	(2)	—	98
Operating income (loss)	<u>\$ 1,429</u>	<u>\$ 4,279</u>	<u>\$ 2,809</u>	<u>\$ 3,868</u>	<u>\$ (4,169)</u>	<u>\$ 8,216</u>
Other data:						
Depreciation and amortization expense	\$ 629	\$ 426	\$ 1,175	\$ 217	\$ 27	\$ 2,474
Capital expenditures	\$ 615	\$ 193	\$ 635	\$ 398	\$ —	\$ 1,841
Total assets	\$ 77,898	\$ 91,960	\$ 114,739	\$ 55,417	\$ 77,257	\$417,271

	Three Months Ended March 31, 2018					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	\$ 65,589	\$ 50,244	\$ 23,866	\$ 65,978	\$ —	\$205,677
Cost of services	59,068	40,892	18,842	53,035	—	171,837
Gross profit	6,521	9,352	5,024	12,943	—	33,840
Selling, general and administrative	6,849	6,201	4,637	9,688	2,272	29,647
Contingent consideration	—	—	71	—	—	71
Loss (gain) on sale of assets	(17)	(8)	6	(1)	—	(20)
Operating income (loss)	<u>\$ (311)</u>	<u>\$ 3,159</u>	<u>\$ 310</u>	<u>\$ 3,256</u>	<u>\$ (2,272)</u>	<u>\$ 4,142</u>
Other data:						
Depreciation and amortization expense	\$ 527	\$ 219	\$ 1,140	\$ 155	\$ 20	\$ 2,061
Capital expenditures	\$ 413	\$ 398	\$ 205	\$ 108	\$ —	\$ 1,124
Total assets	\$ 72,559	\$ 60,102	\$ 100,884	\$ 47,695	\$103,747	\$384,987

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	Six Months Ended March 31, 2019					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	\$ 152,558	\$ 139,762	\$ 63,929	\$ 144,507	\$ —	\$ 500,756
Cost of services	135,092	115,851	50,556	114,421	—	415,920
Gross profit	17,466	23,911	13,373	30,086	—	84,836
Selling, general and administrative	14,079	14,600	9,166	22,324	6,987	67,156
Contingent consideration	—	—	(115)	—	—	(115)
Loss (gain) on sale of assets	(4)	—	101	(2)	—	95
Operating income (loss)	<u>\$ 3,391</u>	<u>\$ 9,311</u>	<u>\$ 4,221</u>	<u>\$ 7,764</u>	<u>\$ (6,987)</u>	<u>\$ 17,700</u>
Other data:						
Depreciation and amortization expense	\$ 1,255	\$ 841	\$ 2,269	\$ 426	\$ 55	\$ 4,846
Capital expenditures	\$ 1,467	\$ 693	\$ 822	\$ 845	\$ 102	\$ 3,929
Total assets	\$ 77,898	\$ 91,960	\$ 114,739	\$ 55,417	\$ 77,257	\$ 417,271

	Six Months Ended March 31, 2018					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	\$ 118,591	\$ 104,703	\$ 45,551	\$ 135,132	\$ —	\$ 403,977
Cost of services	107,227	86,231	35,842	107,773	—	337,073
Gross profit	11,364	18,472	9,709	27,359	—	66,904
Selling, general and administrative	12,644	12,285	9,194	20,054	5,559	59,736
Contingent consideration	—	—	71	—	—	71
Loss (gain) on sale of assets	(29)	(9)	5	(1)	—	(34)
Operating income (loss)	<u>\$ (1,251)</u>	<u>\$ 6,196</u>	<u>\$ 439</u>	<u>\$ 7,306</u>	<u>\$ (5,559)</u>	<u>\$ 7,131</u>
Other data:						
Depreciation and amortization expense	\$ 1,084	\$ 435	\$ 2,383	\$ 296	\$ 71	\$ 4,269
Capital expenditures	\$ 923	\$ 473	\$ 345	\$ 586	\$ —	\$ 2,327
Total assets	\$ 72,559	\$ 60,102	\$ 100,884	\$ 47,695	\$ 103,747	\$ 384,987

7. STOCKHOLDERS' EQUITY

Equity Incentive Plan

The Company's 2006 Equity Incentive Plan, as amended and restated (the "Equity Incentive Plan"), provides for grants of stock options as well as grants of stock, including restricted stock. Approximately 3.0 million shares of common stock are authorized for issuance under the Equity Incentive Plan, of which approximately 847,891 shares were available for issuance at March 31, 2019.

Stock Repurchase Program

In 2015, our Board of Directors authorized a stock repurchase program for the purchase from time to time of up to 1.5 million shares of the Company's common stock. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company's discretion and without notice. We repurchased 189,821 and 235,954 shares, respectively, of our common stock during the

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three and six months ended March 31, 2019, in open market transactions at an average price of \$16.70 and \$16.58, respectively, per share. We repurchased 79,817 shares of our common stock during the three and six months ended March 31, 2018, in open market transactions at an average price of \$15.40 per share. On May 2, 2019, our Board of Directors authorized, subject to consent of the lenders under our credit facility, the repurchase of up to an additional 1.0 million shares of our common stock under the stock repurchase program.

Treasury Stock

During the six months ended March 31, 2019, we issued 212,688 shares of common stock from treasury stock to employees and repurchased 87,609 shares of common stock from our employees to satisfy statutory tax withholding requirements upon the vesting of certain performance phantom stock units under the Equity Incentive Plan. We also repurchased 235,954 shares of common stock on the open market pursuant to our stock repurchase program. We issued 3,991 shares of treasury stock as payment for outstanding phantom stock units that vested upon the departure of the Company's President and issued 283,195 shares out of treasury stock for restricted shares granted upon the appointment of the Company's Chief Executive Officer ("CEO") in March 2019.

During the six months ended March 31, 2018, we repurchased 79,817 shares of common stock on the open market pursuant to the repurchase program. During the six months ended March 31, 2018, we issued 520 unrestricted shares of common stock from treasury stock to members of our Board of Directors as part of their overall compensation and 1,500 unrestricted shares of common stock to satisfy the exercise of outstanding options for employees.

Restricted Stock

On March 4, 2019, we granted 283,195 restricted shares, pursuant to four award agreements, in conjunction with the appointment of the Company's CEO. These awards include restricted shares subject to the achievement of specified levels of cumulative net income before taxes or specified stock price levels, as well as shares that vest based on the passage of time. During the three months ended March 31, 2019, and 2018, we recognized \$111 and \$131, respectively, in compensation expense related to our restricted stock awards. During the six months ended March 31, 2019, and 2018, we recognized \$111 and \$245, respectively, in compensation expense related to our restricted stock awards. At March 31, 2019, the unamortized compensation cost related to outstanding unvested restricted stock was \$3,685.

Phantom Stock Units

Director phantom stock units ("Director PSUs") are primarily granted to the members of the Board of Directors as part of their overall compensation. These Director PSUs are paid via unrestricted stock grants to each director upon their departure from the Board of Directors. We record compensation expense for the full value of the grant on the date of grant. During the three months ended March 31, 2019, and 2018, we recognized \$50 and \$49, respectively, in compensation expense related to these grants. During the six months ended March 31, 2019, and 2018, we recognized \$99 and \$91, respectively, in compensation expense related to these grants.

Performance Based Phantom Stock Units

A performance based phantom stock unit (a "PPSU") is a contractual right to receive one share of the Company's common stock upon the achievement of certain specified performance objectives and continued performance of services. On February 6, 2019, the Company granted an additional 230,274 PPSUs, of which 59,924 shares were subsequently forfeited in conjunction with the departure of the Company's President. At March 31, 2019, the Company had outstanding an aggregate of 170,350 PPSUs.

During the three and six months ended March 31, 2019, we recognized compensation expense of \$465 related to these grants. During the three and six months ended March 31, 2018, we recognized a benefit to compensation expense of \$652 and \$449, respectively, related to these grants. This benefit was the result of a reduction in the estimated number of units deemed probable of vesting based on the projected achievement of specified performance objectives.

8. SECURITIES AND EQUITY INVESTMENTS

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, investments, accounts payable and a loan agreement. We believe that the carrying value of these financial instruments in the accompanying Condensed Consolidated Balance Sheets approximates their fair value due to their short-term nature. At March 31, 2019, and September 30, 2018, we carried a cost method investment at \$408 and \$558, respectively, which is equal to our cost less impairment.

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9. EMPLOYEE BENEFIT PLANS

401(k) Plan

In November 1998, we established the IES Holdings, Inc. 401(k) Retirement Savings Plan. All full-time IES employees and full-time employees of participating subsidiaries are eligible to participate on the first day of the month subsequent to completing sixty days of service and attaining age twenty-one. Participants become vested in our matching contributions following three years of service. We also maintain several subsidiary retirement savings plans. During the three months ended March 31, 2019, and 2018, we recognized \$600 and \$485, respectively, in matching expense. During the six months ended March 31, 2019, and 2018, we recognized \$1,023 and \$914, respectively, in matching expense.

Post Retirement Benefit Plans

Certain individuals at one of the Company's locations are entitled to receive fixed annual payments pursuant to post retirement benefit plans. We had an unfunded benefit liability of \$718 and \$755 recorded as of March 31, 2019, and September 30, 2018, respectively, related to such plans.

10. FAIR VALUE MEASUREMENTS

Fair Value Measurement Accounting

Fair value is considered the price to sell an asset, or transfer a liability, between market participants on the measurement date. Fair value measurements assume that the asset or liability is (1) exchanged in an orderly manner, (2) the exchange is in the principal market for that asset or liability, and (3) the market participants are independent, knowledgeable, able and willing to transact an exchange. Fair value accounting and reporting establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

At March 31, 2019, financial assets and liabilities measured at fair value on a recurring basis were limited to our Executive Deferred Compensation Plan, under which certain employees are permitted to defer a portion of their base salary and/or bonus for a Plan Year (as defined in the plan), and contingent consideration liabilities related to certain of our acquisitions.

Financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2019, and September 30, 2018, are summarized in the following tables by the type of inputs applicable to the fair value measurements:

	March 31, 2019		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable Inputs (Level 3)
Executive savings plan assets	\$ 738	\$ 738	\$ —
Executive savings plan liabilities	(623)	(623)	—
Contingent consideration	(270)	—	(270)
Total	<u>\$ (155)</u>	<u>\$ 115</u>	<u>\$ (270)</u>

	September 30, 2018		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable Inputs (Level 3)
Executive savings plan assets	\$ 747	\$ 747	\$ —
Executive savings plan liabilities	(631)	(631)	—
Contingent consideration	(680)	—	(680)
Total	<u>\$ (564)</u>	<u>\$ 116</u>	<u>\$ (680)</u>

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In fiscal years 2016, 2017 and 2018, we entered into contingent consideration arrangements related to certain acquisitions. At March 31, 2019, we estimated the fair value of these contingent consideration liabilities at \$270. The table below presents a reconciliation of the fair value of these obligations, which used significant unobservable inputs (Level 3).

	Contingent Consideration Agreements
Fair value at September 30, 2018	\$ 680
Settlements	(295)
Net adjustments to fair value	(115)
Fair value at March 31, 2019	<u>\$ 270</u>

11. INVENTORY

Inventories consist of the following components:

	March 31, 2019	September 30, 2018
Raw materials	\$ 4,368	\$ 4,453
Work in process	5,972	5,168
Finished goods	2,218	1,746
Parts and supplies	11,171	9,599
Total inventories	<u>\$23,729</u>	<u>\$ 20,966</u>

12. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following is a progression of goodwill by segment for the six months ended March 31, 2019:

	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Goodwill at September 30, 2018	\$ 6,976	\$ 2,816	\$ 30,931	\$ 9,979	\$50,702
Divestitures (See Note 14)	—	—	(119)	—	(119)
Adjustments	—	—	—	39	39
Goodwill at March 31, 2019	<u>\$ 6,976</u>	<u>\$ 2,816</u>	<u>\$ 30,812</u>	<u>\$ 10,018</u>	<u>\$50,622</u>

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Intangible Assets

Intangible assets consist of the following:

	Estimated Useful Lives (in Years)	March 31, 2019		
		Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	\$ 5,084	\$ 1,053	\$ 4,031
Technical library	20	400	111	289
Customer relationships	6 - 15	33,539	9,460	24,079
Non-competition arrangements	5	40	5	35
Backlog	1	378	358	20
Construction contracts	1	2,184	2,179	5
Total intangible assets		\$41,625	\$ 13,166	\$28,459

	Estimated Useful Lives (in Years)	September 30, 2018		
		Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	\$ 5,084	\$ 831	\$ 4,253
Technical library	20	400	101	299
Customer relationships	6 - 15	33,539	7,870	25,669
Non-competition arrangements	5	40	1	39
Backlog	1	378	176	202
Construction contracts	1	2,184	2,056	128
Total intangible assets		\$41,625	\$ 11,035	\$30,590

13. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time we are a party to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business. We maintain various insurance coverages to minimize financial risk associated with these proceedings. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our financial position, results of operations or cash flows. With respect to all such proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We expense routine legal costs related to these proceedings as they are incurred.

Risk-Management

We retain the risk for workers' compensation, employer's liability, automobile liability, construction defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured deductibles per accident or occurrence which are generally subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. In many cases, we insure third parties, including general contractors, as additional insureds under our insurance policies. Losses are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. As a result, many of our claims are effectively self-insured. Many claims against our insurance are in the form of litigation. At March 31, 2019, and September 30, 2018, we had \$6,021 and \$6,202, respectively, accrued for self-insurance liabilities. We are also subject to construction defect liabilities, primarily within our Residential segment. As of March 31, 2019, and September 30, 2018, we had \$87 and \$171, respectively, reserved for these claims. Because the reserves are based on judgment and estimates and involve variables that are inherently uncertain, such as the outcome of litigation and an assessment of insurance coverage, there can be no assurance that the ultimate liability will not be higher or lower than such estimates or that the timing of payments will not create liquidity issues for the Company.

Some of the underwriters of our casualty insurance program require us to post letters of credit as collateral. This is common in the insurance industry. To date, we have not had a situation where an underwriter has had reasonable cause to effect payment under a letter of credit. At March 31, 2019, and September 30, 2018, \$6,351 and \$6,101, respectively, of our outstanding letters of credit was utilized to collateralize our insurance program.

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Surety

As of March 31, 2019, the estimated cost to complete our bonded projects was approximately \$77,025. We evaluate our bonding requirements on a regular basis, including the terms offered by our sureties. We believe the bonding capacity presently provided by our current sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. Posting letters of credit in favor of our sureties reduces the borrowing availability under our credit facility.

Other Commitments and Contingencies

Some of our customers and vendors require us to post letters of credit, or provide intercompany guarantees, as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If our customer has reasonable cause to effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. At March 31, 2019, and September 30, 2018, \$200 and \$508, respectively, of our outstanding letters of credit were to collateralize our vendors.

From time to time, we may enter into firm purchase commitments for materials, such as copper or aluminum wire, which we expect to use in the ordinary course of business. These commitments are typically for terms of less than one year and require us to buy minimum quantities of materials at specific intervals at a fixed price over the term. As of March 31, 2019, we had no such commitments.

14. BUSINESS COMBINATIONS AND DIVESTITURES

In March 2019, our management committed to a plan for the sale of substantially all of the operating assets at one of our operating facilities within the Infrastructure Solutions segment. In connection with the plan, we allocated \$119 of goodwill to the disposal group. In conjunction with the write down of these assets to their net realizable value of \$450, we recognized a loss of \$101, recorded within "Loss (gain) on sale of assets" within our Condensed Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2019. We expect the sale of these assets to a third party to be completed within the fiscal year ended September 30, 2019.

15. SUBSEQUENT EVENTS

On May 2, 2019, our Board of Directors authorized, subject to consent of the lenders under our credit facility, the repurchase of up to an additional 1.0 million shares of our common stock under the stock repurchase program.

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

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and the notes thereto, set forth in Part II, Item 8. "Financial Statements and Supplementary Data" as set forth in our Annual Report on Form 10-K for the year ended September 30, 2018, and the Condensed Consolidated Financial Statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The following discussion may contain forward looking statements. For additional information, see "Disclosure Regarding Forward Looking Statements" in Part I of this Quarterly Report on Form 10-Q.

OVERVIEW**Executive Overview**

Please refer to Part 1, Item 1. "Business" of our Annual Report on Form 10-K for the year ended September 30, 2018, for a discussion of the Company's services and corporate strategy. IES Holdings, Inc., a Delaware corporation, is a holding company that owns and manages operating subsidiaries, comprised of providers of industrial products and infrastructure services, to a variety of end markets. Our operations are currently organized into four principal business segments: Commercial & Industrial, Communications, Infrastructure Solutions and Residential.

RESULTS OF OPERATIONS

We report our operating results across our four operating segments: Commercial & Industrial, Communications, Infrastructure Solutions and Residential. Expenses associated with our corporate office are classified separately. The following table presents selected historical results of operations of IES Holdings, Inc., as well as the results of acquired businesses from the dates acquired.

	Three Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$256,914	100.0%	\$205,677	100.0%
Cost of services	213,679	83.2%	171,837	83.5%
Gross profit	43,235	16.8%	33,840	16.5%
Selling, general and administrative expenses	35,070	13.7%	29,647	14.4%
Contingent consideration	(149)	(0.1)%	71	0.0%
Loss (gain) on sale of assets	98	0.0%	(20)	0.0%
Operating income	8,216	3.2%	4,142	2.0%
Interest and other (income) expense, net	423	0.2%	430	0.2%
Income from operations before income taxes	7,793	3.0%	3,712	1.8%
Provision for income taxes	2,336	0.9%	1,425	0.7%
Net income	5,457	2.1%	2,287	1.1%
Net loss (income) attributable to noncontrolling interest	32	0.0%	(66)	0.0%
Net income attributable to IES Holdings, Inc.	\$ 5,489	2.1%	\$ 2,221	1.1%

Consolidated revenues for the three months ended March 31, 2019, were \$51.2 million higher than for the three months ended March 31, 2018, an increase of 24.9%, with increases at all of our segments, driven by strong demand.

Consolidated gross profit for the three months ended March 31, 2019, increased \$9.4 million compared with the three months ended March 31, 2018. Our overall gross profit percentage increased to 16.8% during the three months ended March 31, 2019, as compared to 16.5% during the three months ended March 31, 2018. Gross profit as a percentage of revenue increased at all of our segments, with the exception of our Communications segment.

Selling, general and administrative expenses include costs not directly associated with performing work for our customers. These costs consist primarily of compensation and benefits related to corporate, segment and branch management (including incentive-based compensation), occupancy and utilities, training, professional services, information technology costs, consulting fees, travel and certain types of depreciation and amortization. We allocate certain corporate selling, general and administrative costs across our segments as we believe this more accurately reflects the costs associated with operating each segment.

During the three months ended March 31, 2019, our selling, general and administrative expenses were \$35.1 million, an increase of \$5.4 million, or 18.3%, over the three months ended March 31, 2018, driven by increased personnel costs at our operating segments in connection with their growth. This increase also includes a \$1.9 million increase in expenses at the corporate level, related to a severance payment to our outgoing President, as well as an increase in stock based compensation expenses. However, selling, general and administrative expense as a percent of revenue decreased from 14.4% for the three months ended March 31, 2018, to 13.7% for the three months ended March 31, 2019, as we benefitted from the increased scale of our operations.

	Six Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$500,756	100.0%	\$403,977	100.0%
Cost of services	415,920	83.1%	337,073	83.4%
Gross profit	84,836	16.9%	66,904	16.6%
Selling, general and administrative expenses	67,156	13.4%	59,736	14.8%
Contingent consideration	(115)	0.0%	71	0.0%
Loss (gain) on sale of assets	95	0.0%	(34)	0.0%
Operating income	17,700	3.5%	7,131	1.8%
Interest and other (income) expense, net	1,017	0.2%	773	0.2%
Income from operations before income taxes	16,683	3.3%	6,358	1.6%
Provision for income taxes (1)	4,243	0.8%	33,584	8.3%
Net income (loss)	12,440	2.5%	(27,226)	(6.7)%
Net income attributable to noncontrolling interest	(67)	0.0%	(122)	0.0%
Net income (loss) attributable to IES Holdings, Inc.	<u>\$ 12,373</u>	<u>2.5%</u>	<u>\$ (27,348)</u>	<u>(6.8)%</u>

(1) 2018 includes a charge of \$31.5 million to re-measure our net deferred tax assets in connection with the Tax Cuts and Jobs Act.

Consolidated revenues for the six months ended March 31, 2019, were \$96.8 million higher than for the six months ended March 31, 2018, an increase of 24.0%, with increases at all of our operating segments, driven by strong demand.

Our overall gross profit percentage increased to 16.9% during the six months ended March 31, 2019, as compared to 16.6% during the six months ended March 31, 2018. Gross profit as a percentage of revenue increased at our Residential and Commercial & Industrial segments, while decreasing slightly at our Communications and Infrastructure Solutions segments.

During the six months ended March 31, 2019, our selling, general and administrative expenses were \$67.2 million, an increase of \$7.4 million, or 12.4%, over the six months ended March 31, 2018, driven by increased personnel costs at our operating segments in connection with their growth. This increase also includes a \$1.4 million increase in expenses at the corporate level, related to a severance payment to our outgoing President, as well as an increase in stock-based compensation expense. However, selling, general and administrative expense as a percent of revenue decreased from 14.8% for the three months ended March 31, 2018, to 13.4% for the three months ended March 31, 2019, as we benefitted from the increased scale of our operations.

Commercial & Industrial

	Three Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$79,975	100.0%	\$65,589	100.0%
Cost of services	71,184	89.0%	59,068	90.1%
Gross profit	8,791	11.0%	6,521	9.9%
Selling, general and administrative expenses	7,363	9.2%	6,849	10.4%
Gain on sale of assets	(1)	0.0%	(17)	0.0%
Operating income	1,429	1.8%	(311)	-0.5%

Revenue. Revenues in our Commercial & Industrial segment increased \$14.4 million, or 21.9%, during the three months ended March 31, 2019, compared to the three months ended March 31, 2018. The increase was largely driven by increased bid volume at several of our branches and improving market conditions in certain areas. These increases were partly offset by a \$3.8 million decrease relating to our decision to exit certain markets. The market for this segment's services remains highly competitive.

Gross Profit. Our Commercial & Industrial segment's gross profit during the three months ended March 31, 2019, increased by \$2.3 million, as compared to the three months ended March 31, 2018. The increase is due to improved efficiency across the branches, as we improved project execution and as our ability to absorb fixed costs benefitted from higher volumes. Gross margin as a percent of revenue increased 1.1% to 11.0% during the three months ended March 31, 2019, as compared to the three months ended March 31, 2018.

Selling, General and Administrative Expenses. Our Commercial & Industrial segment's selling, general and administrative expenses during the three months ended March 31, 2019, increased \$0.5 million, or 7.5%, compared to the three months ended March 31, 2018. Selling, general and administrative expenses as a percentage of revenues decreased 1.2% to 9.2% during the three months ended March 31, 2019, compared to the three months ended March 31, 2018. The increase relates primarily to costs associated with higher incentive compensation in connection with improved profitability.

	Six Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 152,558	100.0%	\$ 118,591	100.0%
Cost of services	135,092	88.6%	107,227	90.4%
Gross profit	17,466	11.4%	11,364	9.6%
Selling, general and administrative expenses	14,079	9.2%	12,644	10.7%
Gain on sale of assets	(4)	0.0%	(29)	0.0%
Operating income	3,391	2.2%	(1,251)	-1.1%

Revenue. Revenues in our Commercial & Industrial segment increased \$34.0 million during the six months ended March 31, 2019, an increase of 28.6% compared to the six months ended March 31, 2018. The increase in revenue over this period was driven by increased bid volume at several of our branches and improving market conditions in certain areas. This increase in revenue was partly offset by a \$6.7 million decrease in revenue attributable to our decision to exit the Denver and Roanoke markets. The market for this segment's services in many geographic regions remains highly competitive.

Gross Profit. Our Commercial & Industrial segment's gross profit during the six months ended March 31, 2019, increased by \$6.1 million, or 53.7%, as compared to the six months ended March 31, 2018. As a percentage of revenue, gross profit increased from 9.6% for the six months ended March 31, 2018, to 11.4% for the six months ended March 31, 2019. The increase is due to improved efficiency across the branches, as we improved project execution and as our ability to absorb fixed costs benefitted from higher volumes.

Selling, General and Administrative Expenses. Our Commercial & Industrial segment's selling, general and administrative expenses during the six months ended March 31, 2019, increased \$1.4 million, or 11.3%, compared to the six months ended March 31, 2018, but decreased 1.5% as a percentage of revenue. The increase was driven by costs associated with higher incentive compensation in connection with improved profitability.

Communications

	Three Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$70,437	100.0%	\$50,244	100.0%
Cost of services	58,492	83.0%	40,892	81.4%
Gross profit	11,945	17.0%	9,352	18.6%
Selling, general and administrative expenses	7,666	10.9%	6,201	12.3%
Gain on sale of assets	—	0.0%	(8)	0.0%
Operating income	4,279	6.1%	3,159	6.3%

Revenue. Our Communications segment's revenues increased by \$20.2 million during the three months ended March 31, 2019, or 40.2%, during the three months ended March 31, 2019, compared to the three months ended March 31, 2018. The increase primarily resulted from increased demand driven by several of our large data center customers. Revenues in our Communications segment can vary from quarter to quarter based on the capital spending cycles of our customers.

Gross Profit. Our Communications segment's gross profit during the three months ended March 31, 2019, increased by \$2.6 million compared to the three months ended March 31, 2018. While total gross profit increased in connection with higher volumes, gross profit as a percentage of revenue decreased, as we took on a larger proportion of cost-plus arrangements. These arrangements provide us with a reimbursement for our costs plus a markup, and are typically lower margin, but also lower risk, as compared with our fixed-cost arrangements.

Selling, General and Administrative Expenses. Our Communications segment's selling, general and administrative expenses increased by \$1.5 million, or 23.6%, during the three months ended March 31, 2019, compared to the three months ended March 31, 2018. The increase is a result of higher personnel cost, particularly related to continuing investment to support the growth of the business, along with higher incentive compensation expense in connection with improved profitability and cash flows. Selling, general and administrative expenses as a percentage of revenues in the Communications segment decreased 1.4% to 10.9% of segment revenue during the three months ended March 31, 2019, compared to the three months ended March 31, 2018, as we benefitted from the increased scale of our operations.

	Six Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$139,762	100.0%	\$104,703	100.0%
Cost of services	115,851	82.9%	86,231	82.4%
Gross profit	23,911	17.1%	18,472	17.6%
Selling, general and administrative expenses	14,600	10.4%	12,285	11.7%
Gain on sale of assets	—	0.0%	(9)	0.0%
Operating income	9,311	6.7%	6,196	5.9%

Revenue. Our Communications segment revenues increased by \$35.1 million during the six months ended March 31, 2019, or 33.5% compared to the six months ended March 31, 2018. The increase primarily resulted from increased demand from several of our data center customers. Revenues in our Communications segment can vary from quarter to quarter based on the capital spending cycles of our customers.

Gross Profit. Our Communications segment's gross profit during the six months ended March 31, 2019, increased \$5.4 million, or 29.4%, as compared to the six months ended March 31, 2018. While total gross profit increased in connection with higher volumes, gross profit as a percentage of revenue decreased, as we took on a larger proportion of cost-plus arrangements. These arrangements provide us with a reimbursement for our costs plus a markup, and are typically lower margin, but also lower risk, as compared with our fixed-cost arrangements.

Selling, General and Administrative Expenses. Our Communications segment's selling, general and administrative expenses increased \$2.3 million, or 18.8%, during the six months ended March 31, 2019, compared to the six months ended March 31, 2018. The increase is a result of higher personnel cost, particularly related to continuing investment to support the growth of the business, along with higher incentive compensation expense in connection with improved profitability and cash flows. Selling, general and administrative expenses as a percentage of revenues in the Communications segment decreased by 1.3% to 10.4% of segment revenue during the six months ended March 31, 2019, compared to the six months ended March 31, 2018, as we benefitted from the increased scale of our operations.

Infrastructure Solutions

	Three Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$34,450	100.0%	\$23,866	100.0%
Cost of services	27,004	78.4%	18,842	78.9%
Gross profit	7,446	21.6%	5,024	21.1%
Selling, general and administrative expenses	4,685	13.6%	4,637	19.4%
Contingent consideration	(149)	-0.4%	71	0.3%
Loss on sale of assets	101	0.3%	6	0.0%
Operating income	2,809	8.2%	310	1.3%

Revenue. Revenues in our Infrastructure Solutions segment increased \$10.6 million during the three months ended March 31, 2019, an increase of 44.3% compared to the three months ended March 31, 2018. The increase in revenue was driven primarily by our bus duct and enclosure business, driven by increased demand for enclosures to be used at data centers, as well as an increase in revenue from our motor repair business.

Gross Profit. Our Infrastructure Solutions segment's gross profit during the three months ended March 31, 2019, increased \$2.4 million as compared to the three months ended March 31, 2018. Gross profit as a percentage of revenue increased 0.5% to 21.6%. The primary driver of the improvement in margins was our bus duct facility, which was impacted in the prior year by production inefficiencies and the amortization of contract intangibles associated with the acquisition of this business in 2016. Margins are also affected by the mix of work performed.

Selling, General and Administrative Expenses. Our Infrastructure Solutions segment's selling, general and administrative expenses during the three months ended March 31, 2019, remained flat compared to the three months ended March 31, 2018, as we were able to scale our business effectively without adding general and administrative expense.

	Six Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$63,929	100.0%	\$45,551	100.0%
Cost of services	50,556	79.1%	35,842	78.7%
Gross profit	13,373	20.9%	9,709	21.3%
Selling, general and administrative expenses	9,166	14.3%	9,194	20.2%
Contingent consideration	(115)	-0.2%	71	0.2%
Loss on sale of assets	101	0.2%	5	0.0%
Operating income	4,221	6.6%	439	1.0%

Revenue. Revenues in our Infrastructure Solutions segment increased \$18.4 million during the six months ended March 31, 2019, an increase of 40.3% compared to the six months ended March 31, 2018. The increase in revenue relates primarily to our bus duct and enclosure business, driven by increased demand for enclosures to be used at data centers, as well as an increase in revenue from our motor repair business.

Gross Profit. Our Infrastructure Solutions segment's gross profit during the six months ended March 31, 2019, increased \$3.7 million as compared to the six months ended March 31, 2018. The primary driver of the improvement in margins was our bus duct facility, which was affected in the prior year by production inefficiencies and by the impact of the amortization of contract intangibles associated with the acquisition of this business in 2016. We also benefitted from higher volumes in our generator enclosure manufacturing facility, as well as increased activity at our motor repair shops. Gross profit as a percentage of revenues decreased 0.4% to 20.9% for the six months ended March 31, 2019, largely as the result of a change in the mix of work performed.

Selling, General and Administrative Expenses. Our Infrastructure Solutions segment's selling, general and administrative expenses during the six months ended March 31, 2019 remained flat compared to the six months ended March 31, 2018, as we were able to scale our business effectively without adding general and administrative expense.

Residential

	Three Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$72,052	100.0%	\$65,978	100.0%
Cost of services	56,999	79.1%	53,035	80.4%
Gross profit	15,053	20.9%	12,943	19.6%
Selling, general and administrative expenses	11,187	15.5%	9,688	14.7%
Gain on sale of assets	(2)	0.0%	(1)	0.0%
Operating income	3,868	5.4%	3,256	4.9%

Revenue. Our Residential segment's revenues increased by \$6.1 million during the three months ended March 31, 2019, an increase of 9.2% as compared to the three months ended March 31, 2018. The increase is driven by our single-family business, where revenues increased by \$7.9 million for the three months ended March 31, 2019, compared with the three months ended March 31, 2018. This was partly offset by an \$0.8 million decrease in our multi-family business, where many projects have been delayed by weather. Service revenues also decreased by \$1.0 million for the three months ended March 31, 2019, compared with the same period in the prior year.

Gross Profit. During the three months ended March 31, 2019, our Residential segment experienced a \$2.1 million, or 16.3%, increase in gross profit as compared to the three months ended March 31, 2018. The increase in gross profit was driven primarily by improved commodity prices in the quarter ended March 31, 2019. Gross margin as a percentage of revenue increased 1.3% to 20.9% during the quarter ended March 31, 2019, as compared with the quarter ended March 31, 2018.

Selling, General and Administrative Expenses. Our Residential segment experienced a \$1.5 million, or 15.5%, increase in selling, general and administrative expenses during the three months ended March 31, 2019, compared to the three months ended March 31, 2018, primarily as a result of higher incentive compensation expense in connection with higher profitability. Selling, general and administrative expenses as a percentage of revenues in the Residential segment increased to 15.5% of segment revenue during the three months ended March 31, 2019, compared to 14.7% in the three months ended March 31, 2018.

	Six Months Ended March 31,			
	2019		2018	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$144,507	100.0%	\$135,132	100.0%
Cost of services	114,421	79.2%	107,773	79.8%
Gross profit	30,086	20.8%	27,359	20.2%
Selling, general and administrative expenses	22,324	15.4%	20,054	14.8%
Gain on sale of assets	(2)	0.0%	(1)	0.0%
Operating income	7,764	5.4%	7,306	5.4%

Revenue. Our Residential segment revenues increased by \$9.4 million during the six months ended March 31, 2019, an increase of 6.9% as compared to the six months ended March 31, 2018. The increase is driven by our single-family business, where revenues increased by \$13.8 million for the six months ended March 31, 2019, compared with the six months ended March 31, 2018. This was partly offset by a \$3.0 million decrease in our multi-family business, where many projects have been delayed by weather. Service revenues also decreased by \$1.4 million for the six months ended March 31, 2019, compared with the same period in the prior year.

Gross Profit. During the six months ended March 31, 2019, our Residential segment experienced a \$2.7 million, or 10.0%, increase in gross profit as compared to the six months ended March 31, 2018. The increase in gross profit was driven primarily by improved copper and other commodity prices. Gross margin as a percentage of revenue increased 0.6% to 20.8% during the six months ended March 31, 2019, as compared with the six months ended March 31, 2018.

Selling, General and Administrative Expenses. Our Residential segment experienced a \$2.3 million, or 11.3%, increase in selling, general and administrative expenses during the six months ended March 31, 2019, compared to the six months ended March 31, 2018, driven by increased compensation expense. Selling, general and administrative expenses as a percentage of revenues in the Residential segment increased by 0.6% to 15.4% of segment revenue during the six months ended March 31, 2019.

INTEREST AND OTHER EXPENSE, NET

	Three Months Ended March 31,	
	2019	2018
	(In thousands)	
Interest expense	\$ 456	\$402
Deferred financing charges	79	71
Total interest expense	535	473
Other (income) expense, net	(112)	(43)
Total interest and other expense, net	\$ 423	\$430

During the three months ended March 31, 2019, we incurred interest expense of \$0.5 million primarily comprised of interest expense from our revolving credit facility with Wells Fargo Bank, N.A. (“Wells Fargo”), an average letter of credit balance of \$6.6 million under our revolving credit facility and an average unused line of credit balance of \$66.6 million under our revolving credit facility. This compares to interest expense of \$0.5 million for the three months ended March 31, 2018, primarily comprised of interest expense from our revolving credit facility, an average letter of credit balance of \$6.4 million under our revolving credit facility and an average unused line of credit balance of \$63.4 million under our revolving credit facility.

	Six Months Ended March 31,	
	2019	2018
	(In thousands)	
Interest expense	\$ 926	\$ 772
Deferred financing charges	156	142
Total interest expense	1,082	914
Other (income) expense, net	(65)	(141)
Total interest and other expense, net	\$1,017	\$ 773

During the six months ended March 31, 2019, we incurred interest expense of \$1.1 million primarily comprised of interest expense from our revolving credit facility, an average letter of credit balance of \$6.7 million under our revolving credit facility and an average unused line of credit balance of \$64.8 million under our revolving credit facility. This compares to interest expense of \$0.9 million for the six months ended March 31, 2018, primarily comprised of interest expense from our revolving credit facility, an average letter of credit balance of \$6.4 million under our revolving credit facility and an average unused line of credit balance of \$63.4 million under our revolving credit facility.

PROVISION FOR INCOME TAXES

We recorded income tax expense of \$2.3 million for the three months ended March 31, 2019, compared to income tax expense of \$1.4 million for the three months ended March 31, 2018. We recorded income tax expense of \$4.2 million for the six months ended March 31, 2019, compared to income tax expense of \$33.6 million for the six months ended March 31, 2018.

For the six months ended March 31, 2018, our income tax expense included a preliminary charge of \$31.5 million to re-measure our deferred tax assets and liabilities to reflect the impact of the new statutory tax rate enacted during the six months ended March 31, 2018. The Company completed its accounting for the income tax effects of the Tax Cuts and Jobs Act and fully recorded the impact in the year ended September 30, 2018.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations is based upon our Condensed Consolidated Financial Statements included in this report on Form 10-Q, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist as of the date of the Condensed Consolidated Financial Statements, and the reported amounts of revenues and expenses recognized during the periods presented. We review all significant estimates affecting our Condensed Consolidated Financial Statements on a recurring basis and record the effect of any necessary adjustments prior to their publication. Judgments and estimates are based on our beliefs and assumptions derived from information available at the same time such judgments and estimates are made. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. There can be no assurance that actual results will not differ from those estimates.

BACKLOG

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Remaining performance obligations	\$ 424	\$ 407	\$ 326	\$ 289
Agreements without an enforceable obligation (1)	149	131	156	103
Backlog	<u>\$ 573</u>	<u>\$ 538</u>	<u>\$ 482</u>	<u>\$ 392</u>

- (1) Our backlog contains signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins.

Backlog is a measure of revenue that we expect to recognize from work that has yet to be performed on uncompleted contracts and from work that has been contracted but has not started, exclusive of short-term projects. While all of our backlog is supported by documentation from customers, backlog is not a guarantee of future revenues, as contractual commitments may change and our performance may vary. Not all of our work is performed under contracts included in backlog; for example, most of the apparatus repair work that is completed by our Infrastructure Solutions segment is performed under master service agreements on an as needed basis. Additionally, electrical installation services for single-family housing at our Residential segment is completed on a short-term basis and is therefore excluded from backlog. In addition, certain service work is performed under master service agreements on an as-needed basis and is therefore excluded from backlog. Our backlog has increased from \$482 million at September 30, 2018, to \$573 million at March 31, 2019.

WORKING CAPITAL

During the six months ended March 31, 2019, working capital exclusive of cash increased by \$12.1 million from September 30, 2018, reflecting a \$10.3 million increase in current assets excluding cash and a \$1.8 million decrease in current liabilities during the period.

During the six months ended March 31, 2019, our current assets exclusive of cash increased to \$246.8 million, as compared to \$236.4 million as of September 30, 2018. The increase primarily relates to a \$9.4 million increase in accounts receivable. Days sales outstanding decreased to 60 at March 31, 2019, from 62 at September 30, 2018. While the rate of collections may vary, our typically secured position, resulting from our ability in general to secure liens against our customers' overdue receivables, offers some protection that collection will occur eventually to the extent that our security retains value.

During the six months ended March 31, 2019, our total current liabilities decreased by \$1.8 million to \$162.6 million, compared to \$164.4 million as of September 30, 2018, primarily related to a decrease in both accounts payable and accrued liabilities and Billings in excess of costs and estimated earnings.

Surety

We believe the bonding capacity presently provided by our sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. As of March 31, 2019, the estimated cost to complete our bonded projects was approximately \$77.0 million.

LIQUIDITY AND CAPITAL RESOURCES

The Revolving Credit Facility

We maintain a \$100 million revolving credit facility with Wells Fargo that matures August 9, 2021, pursuant to a Second Amended and Restated Credit and Security Agreement with Wells Fargo dated as of April 10, 2017, which was amended on July 14, 2017, August 2, 2017, and July 23, 2018 (as amended, the "Amended Credit Agreement").

The Amended Credit Agreement contains customary affirmative, negative and financial covenants as well as events of default.

As of March 31, 2019, we were in compliance with the financial covenants under the Amended Credit Agreement, requiring that we maintain:

- a Fixed Charge Coverage Ratio (as defined in the Amended Credit Agreement), measured quarterly on a trailing four-quarter basis at the end of each quarter, of at least 1.1 to 1.0; and
- minimum Liquidity (as defined in the Amended Credit Agreement) of at least thirty percent (30%) of the Maximum Revolver Amount (as defined in the Amended Credit Agreement), or \$30 million; with, for purposes of this covenant, at least fifty percent (50%) of our Liquidity comprised of Excess Availability (as defined in the Amended Credit Agreement).

At March 31, 2019, our Liquidity was \$87.9 million, our Excess Availability was \$71.7 million (or greater than 50% of minimum Liquidity), and our Fixed Charge Coverage Ratio was 6.0:1.0. Because our Excess Availability at March 31, 2019, exceeded \$30 million, we were not required to comply with minimum EBITDA financial covenant of the Amended Credit Agreement, which would have required that we have a minimum EBITDA for the four quarters ended March 31, 2019, of \$35 million. Our EBITDA, as defined in the Amended Credit Agreement for the four quarters ended March 31, 2019, was \$48.2 million.

If in the future our Liquidity falls below \$30 million (or Excess Availability falls below 50% or our minimum Liquidity), our Fixed Charge Coverage Ratio is less than 1.1:1.0, we fail to meet our minimum EBITDA requirement when it is required to be tested, or if we otherwise fail to perform or otherwise comply with certain of our covenants or other agreements under the Amended Credit Agreement, it would result in an event of default under the Amended Credit Agreement, which could result in some or all of our indebtedness becoming immediately due and payable.

At March 31, 2019, we had \$6.6 million in outstanding letters of credit with Wells Fargo and outstanding borrowings of \$20.2 million.

Operating Activities

Our cash flow from operations is not only influenced by cyclical demand for our services, operating margins and the type of services we provide, but can also be influenced by working capital needs such as the timing of our receivable collections. Working capital needs are generally lower during our fiscal first and second quarters due to the seasonality that we experience in many regions of the country; however a seasonal decline in working capital may be offset by needs associated with higher growth or acquisitions.

Operating activities provided net cash of \$9.4 million during the six months ended March 31, 2019, as compared to \$11.2 million of net cash provided in the six months ended March 31, 2018. The decrease in operating cash flow resulted primarily from an increase in working capital at our Commercial & Industrial and Infrastructure Solutions segments, in support of growth in these businesses.

Investing Activities

Net cash used in investing activities was \$3.9 million for the six months ended March 31, 2019, compared with \$2.4 million for the six months ended March 31, 2018. We used cash of \$3.9 million for purchases of fixed assets in the six months ended March 31, 2019. For the six months ended March 31, 2018, we used \$2.3 million of cash for the purchase of fixed assets.

Financing Activities

Net cash used in financing activities for the six months ended March 31, 2019 was \$15.6 million, compared with \$1.3 million in the six months ended March 31, 2018. For the six months ended March 31, 2019, we used \$10.0 million to repay a portion of our revolving credit facility. We also used \$5.4 million to repurchase our shares to satisfy statutory withholding requirements upon the vesting of employee stock compensation, as well as in conjunction with our stock repurchase plan. For the six months ended March 31, 2018, we used \$1.2 million to repurchase our shares to satisfy statutory withholding requirements upon the vesting of employee stock compensation, as well as in conjunction with our stock repurchase plan.

Stock Repurchase Program

Our Board of Directors has authorized a stock repurchase program for the purchase from time to time of up to 1.5 million shares of the Company's common stock. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company's discretion and without notice. We repurchased 235,954 shares pursuant to this program during the six months ended March 31, 2019. On May 2, 2019, our Board of Directors authorized, subject to consent of the lenders under our credit facility, the repurchase of up to an additional 1.0 million shares of our common stock under the stock repurchase program.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

There have been no material changes in our contractual obligations and commitments from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Management is actively involved in monitoring exposure to market risk and continues to develop and utilize appropriate risk management techniques. Our exposure to significant market risks includes fluctuations in labor costs and commodity prices for copper, aluminum, steel and fuel. Commodity price risks may have an impact on our results of operations due to the fixed price nature of many of our contracts. We are also exposed to interest rate risk with respect to our outstanding debt obligations on the Amended Credit Agreement. For additional information see “*Disclosure Regarding Forward-Looking Statements*” in Part I of this Quarterly Report on Form 10-Q and our risk factors in Item 1A. “*Risk Factors*” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

Commodity Risk

Our exposure to significant market risks includes fluctuations in commodity prices for copper, aluminum, steel and fuel. Commodity price risks may have an impact on our results of operations due to the fixed nature of many of our contracts. Over the long-term, we expect to be able to pass along a portion of these costs to our customers, as market conditions in the construction industry will allow. The Company has not entered into any commodity price risk hedging instruments.

Interest Rate Risk

We are subject to interest rate risk on our floating interest rate borrowings on the Amended Credit Agreement. If LIBOR were to increase, our interest payment obligations on outstanding borrowings would increase, having a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest when we have outstanding borrowings. Floating rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates.

All of the long-term debt outstanding under our revolving credit facility is structured on floating interest rate terms. A one percentage point increase in the interest rates on our long-term debt outstanding under our revolving credit facility as of March 31, 2019, would cause a \$0.2 million pre-tax annual increase in interest expense.

Item 4. Controls and Procedures

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2019, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see Note 13, “Commitments and Contingencies – Legal Matters” in the Notes to our Condensed Consolidated Financial Statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed under Part 1, Item 1A. “*Risk Factors*” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

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

The following table presents information with respect to purchases of common stock of the Company made during the three months ended March 31, 2019:

Date	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan (2)	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plan as of March 31, 2019
January 1, 2019 – January 31, 2019	147,617	\$ 16.61	147,617	531,054
February 1, 2019 – February 28, 2019	40,103	\$ 17.00	40,103	490,951
March 1, 2019 – March 31, 2019	3,722	\$ 17.65	2,101	488,850
Total	191,442	\$ 16.71	189,821	488,850

- (1) The total number of shares purchased includes shares purchased pursuant to the plan described in footnote (2) below. During the quarter ended March 31, 2019, 1,621 shares were surrendered to the Company to satisfy tax withholding obligations in connection with the vesting of performance stock units issued to employees.
- (2) In 2015, our Board of Directors authorized a stock repurchase program for the purchase of up to 1.5 million shares of the Company's common stock from time to time. On May 2, 2019, our Board of Directors authorized, subject to consent of the lenders under our credit facility, the repurchase of up to an additional 1.0 million shares of the Company's common stock under the stock repurchase program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.1 —	Second Amended and Restated Certificate of Incorporation of IES Holdings, Inc., as amended by the Certificate of Amendment thereto, effective May 24, 2016 (composite), (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2016).
3.2 —	Certificate of Designation of Series A Junior Participating Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 28, 2013).
3.3 —	Amended and Restated Bylaws of IES Holdings, Inc., effective May 24, 2016. (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 24, 2016).

<u>Exhibit No.</u>	<u>Description</u>
4.1 —	<u>Specimen common stock certificate. (Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on December 9, 2016).</u>
4.2 —	<u>Tax Benefit Protection Plan Agreement by and between IES Holdings, Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent, dated as of November 8, 2016, including the form of Rights Certificate and Summary of Stockholder Rights Plan attached thereto as Exhibits A and B, respectively. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 9, 2016).</u>
10.1 —	<u>Third Amendment, dated as of July 23, 2018, to Second Amended and Restated Credit and Security Agreement, dated as of April 10, 2017, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 23, 2018).</u>
10.2 *—	<u>Form of Phantom Stock Unit Award under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016), dated February 6, 2019.(1)</u>
10.3 *—	<u>IES Holdings, Inc. Short-Term Incentive Plan. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March, 5, 2019).</u>
10.4 *—	<u>IES Holdings, Inc. Long-Term Incentive Plan Annual Grant Program. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March, 5, 2019).</u>
10.5* —	<u>Form of Cumulative Income Restricted Stock Award Agreement under the Company's 2006 Equity Incentive Plan (as of February 9, 2016), dated March 4, 2019.(1)</u>
10.6* —	<u>Time-Based Restricted Stock Award Agreement, dated as of March 4, 2019, by and between IES Holdings, Inc. and Gary S. Matthews, under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016).(1)</u>
10.7* —	<u>First Stock Price-Based Restricted Stock Award Agreement, dated as of March 4, 2019, by and between IES Holdings, Inc. and Gary S. Matthews, under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016).(1)</u>
10.8* —	<u>Second Stock Price-Based Restricted Stock Award Agreement, dated as of March 4, 2019, by and between IES Holdings, Inc. and Gary S. Matthews, under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016).(1)</u>
10.9 *—	<u>Employment Agreement between IES Holdings, Inc. and Gary S. Matthews, dated as of February 28, 2019.(1)</u>
10.10* —	<u>Transition Agreement and Release between IES Holdings, Inc. and Robert W. Lewey, dated as of March 9, 2019.(1)</u>
10.11* —	<u>Consulting Fee Agreement between IES Holdings, Inc. and Robert W. Lewey, dated as of March 9, 2019.(1)</u>
10.12 —	<u>Second Amendment, dated as of May 1, 2019, to Sublease Agreement, dated as of March 29, 2012 and amended as of March 31, 2016, between Tontine Associates, L.L.C. and IES Management ROO, LP.(1)</u>
31.1 —	<u>Rule 13a-14(a)/15d-14(a) Certification of Gary S. Matthews, Chief Executive Officer.(1)</u>
31.2 —	<u>Rule 13a-14(a)/15d-14(a) Certification of Tracy A. McLaughlin, Senior Vice President, Chief Financial Officer and Treasurer.(1)</u>

<u>Exhibit No.</u>	<u>Description</u>
32.1 —	Section 1350 Certification of Gary S. Matthews, Chief Executive Officer (2)
32.2 —	Section 1350 Certification of Tracy A. McLaughlin, Senior Vice President, Chief Financial Officer and Treasurer (2)
(1)101.INS	XBRL Instance Document
(1)101.SCH	XBRL Schema Document
(1)101.LAB	XBRL Label Linkbase Document
(1)101.PRE	XBRL Presentation Linkbase Document
(1)101.DEF	XBRL Definition Linkbase Document
(1)101.CAL	XBRL Calculation Linkbase Document
(1)	Filed herewith.
(2)	Furnished herewith.
*	Management contract or compensatory plan or arrangement.

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
FORM OF PHANTOM STOCK UNIT AWARD AGREEMENT**

THIS PHANTOM STOCK UNIT AWARD AGREEMENT (“**Agreement**”) is made and entered into as of [] (“**Grant Date**”) by and between IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (“**Company**”), and [] (“**Participant**”) pursuant to the terms and conditions of the Company’s Amended and Restated 2006 Equity Incentive Plan dated as of February 9, 2016 (“**Plan**”), in respect of [] Phantom Stock Units. All capitalized terms not defined herein without separate definition shall have the meaning set forth in the Plan.

Section 1. **Phantom Stock Unit Award.** This Agreement governs an Award of Phantom Stock Units pursuant to the Plan. Each Phantom Stock Unit represents a contractual right in respect of one share of Stock, subject to the satisfaction in full of the performance and service conditions specified herein and the other terms and conditions set forth in this Agreement. The Participant is granted a combination of time-vesting Phantom Stock Units (the “**Time-Vesting Phantom Stock Units**”) and performance-based Phantom Stock Units (the “**Performance-Based Phantom Stock Units**”) that vest according to the following schedule:

Time-Vesting Phantom Stock Units:

Number of Time-Vesting Phantom Stock Units	Percentage of Total Phantom Stock Units Granted	Vesting Date
[] (“ Tranche 1 Time-Vesting Phantom Stock Units ”)	6.25%	Tranche 1 Scheduled Vesting Date
[] (“ Tranche 2 Time-Vesting Phantom Stock Units ”)	6.25%	Tranche 2 Scheduled Vesting Date
[] (“ Tranche 3 Time-Vesting Phantom Stock Units ”)	12.5%	Tranche 3 Scheduled Vesting Date
Total: []	25%	

Performance-Based Phantom Stock Units:

Target Performance-Based Phantom Stock Units	Percentage of Total Phantom Stock Units Granted	Vesting Date
[] (“ Tranche 1 Target Performance-Based Phantom Stock Units ”)	18.75%	Tranche 1 Scheduled Vesting Date
[] (“ Tranche 2 Target Performance-Based Phantom Stock Units ”)	18.75%	Tranche 2 Scheduled Vesting Date
[] (“ Tranche 3 Target Performance-Based Phantom Stock Units ”)	37.5%	Tranche 3 Scheduled Vesting Date
Total: []	75%	

Scheduled Vesting Date: For the purposes of this Agreement, “Scheduled Vesting Date” shall mean the following:

- With respect to Phantom Stock Units scheduled to vest on the “**Tranche 1 Scheduled Vesting Date**,” the earlier of (i) December 15, 2019 and (ii) the date that the Company files its Annual Report on Form 10-K for its fiscal year ending September 30, 2019 (the “**2019 Fiscal Year**”);
- With respect to Phantom Stock Units scheduled to vest on the “**Tranche 2 Scheduled Vesting Date**,” the earlier of (i) December 15, 2020 and (ii) the date that the Company files its Annual Report on Form 10-K for its fiscal year ending September 30, 2020 (the “**2020 Fiscal Year**”); and
- With respect to Phantom Stock Units scheduled to vest on the “**Tranche 3 Scheduled Vesting Date**,” the earlier of (i) December 15, 2021 and (ii) the date that the Company files its Annual Report on Form 10-K for its fiscal year ending September 30, 2021 (the “**2021 Fiscal Year**”).

Section 2. **Time-Vesting Phantom Stock Units.** Subject to the service requirement set forth in Section 4, each tranche of the Time-Vesting Phantom Stock Units shall vest on the applicable Scheduled Vesting Date set forth above.

Section 3. **Performance-Based Phantom Stock Units.** The performance targets applicable to the Performance-Based Phantom Stock Units are established to incent the Participant and other key executives or officers of the Company to cause the Company to achieve superior growth, over the applicable Performance Periods (set forth below), in the Company’s net income. The number of Performance-Based Phantom Stock Units that vest shall be based on the Company’s achievement of cumulative Comprehensive Income Attributable to IES Holdings, Inc. before provision for income taxes and excluding employee stock compensation expense (“**Cumulative Income**”) for the applicable Performance Period as compared to the Target Cumulative Income for the Performance Period, as set forth in the table below. For the purpose of determining the number of Performance-Based Phantom Stock Units that vest, Cumulative Income is calculated from the Company’s audited financial statements for the years ended September 30, 2019, 2020, and 2021 in accordance with GAAP, except that it does not take into account any (i) gains or losses on the disposition of a business; (ii) restructuring charges; or (iii) Extraordinary Items as determined by the Committee, where “Extraordinary Items” means any item of income or expense that, taking into account the environment in which the Company operates, (a) possesses a high degree of abnormality and is of a type unrelated (or only incidentally related) to the Company’s ordinary and typical activities and (ii) is not reasonably expected to recur in the foreseeable future.

Tranche	Performance Period	Target Cumulative Income
Tranche 1 Target Performance-Based Phantom Stock Units	2019 Fiscal Year	\$[_____]
Tranche 2 Target Performance-Based Phantom Stock Units	2019 Fiscal Year and 2020 Fiscal Year	\$[_____]
Tranche 3 Target Performance-Based Phantom Stock Units	2019 Fiscal Year, 2020 Fiscal Year and 2021 Fiscal Year	\$[_____]

The table set forth in Section I of Annex I sets forth the percentage, if any, of the Target Performance-Based Phantom Stock Units that shall be deemed vested for each Performance Period based on the Company’s achievement of Cumulative Income for that Performance Period (the “**Vesting Percentage**”). Any Performance-Based Phantom Stock Units that do not vest upon the applicable Scheduled Vesting

Date based on Cumulative Income during the respective Performance Period shall be forfeited. The determination of the final Cumulative Income for each Performance Period shall be made by the Committee in its sole discretion in accordance with the formula above.

Section 4. **Service Vesting Requirement.** Except as otherwise expressly specified below, in addition to the applicable performance vesting requirements of Section 3, the right of the Participant to receive payment of any tranche of the Phantom Stock Units shall become vested only if the Participant remains continuously employed by Company or any majority-owned subsidiary thereof from the date hereof until the applicable Scheduled Vesting Date as set forth in Section 1. Except as otherwise provided in this Agreement, if the Participant does not remain continuously employed by Company or any majority-owned subsidiary thereof from the date hereof until the applicable Scheduled Vesting Date, all of the unvested Phantom Stock Units subject to this Award shall be immediately forfeited for no consideration and the Participant's rights with respect thereto shall cease upon termination of the Participant's employment.

Notwithstanding the foregoing, if the Participant's employment terminates prior to a Scheduled Vesting Date (i) due to the Participant's death, (ii) due to the Participant's Disability, (iii) by the Company without Cause, or (iv) by the Participant for Good Reason, the Participant shall be deemed to have become vested in a pro-rated portion of the Phantom Stock Units awarded hereunder (based on the pro-rating formulae below), without regard to the actual achievement of the applicable service condition under this Section 4, provided that, vesting of any tranche of Performance-Based Phantom Stock Units, in addition to being pro-rated as provided below, shall be made following the end of the Performance Period applicable to such award only if and to the extent the performance objectives for such Performance Period have been achieved, as determined by the Compensation Committee, and, further, to the extent the Participant is subject to the Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended and Restated Executive Officer Severance Plan or the IES Holdings, Inc. Amended and Restated Key Employee Severance Plan (each, a "**Severance Plan**"), the Release (as defined in the Severance Plan) provided therein has become irrevocable. Payment of any Performance-Based Phantom Stock Units shall be made at the same time(s) the performance award(s) for such Performance Period(s) are paid to other participants of such awards or on the date immediately following the date any required Release becomes irrevocable, whichever shall later occur, and payment of any Time-Vesting Phantom Stock Units shall be made within 30 days of termination or on the date immediately following the date any required Release becomes irrevocable, whichever shall later occur.

The pro-rated portion of any units awarded hereunder shall be determined as follows:

- (A) **Completed Periods:** for each completed Performance Period, 100% of any Phantom Stock Units earned for that Performance Period that have not been settled as of such termination date in accordance with Section 6, calculated and settled in accordance with the terms of this Agreement as if the Participant had remained employed through the applicable Scheduled Vesting Date, plus
- (B) **Time-Vesting Phantom Stock Units:** for Time-Vesting Phantom Stock Units that are not vested pursuant to clause (A) above, the sum of
 - (1) the number of Tranche 1 Time-Vesting Phantom Stock Units multiplied by a fraction (x) the numerator of which is the number of days of Participant's service from and including October 1, 2018, through September 30, 2019; and (y) the denominator of which is the total number of days from and including October 1, 2018, through September 30, 2019 (i.e., 365 days); plus
 - (2) the number of Tranche 2 Time-Vesting Phantom Stock Units multiplied by a fraction (x) the numerator of which is the number of days of Participant's service from and including October 1, 2018, through September 30, 2020; and (y) the denominator of which is the total number of days from and including October 1, 2018, through September 30, 2020 (i.e., 731 days); plus

- (3) the number of Tranche 3 Time-Vesting Phantom Stock Units multiplied by a fraction (x) the numerator of which is the number of days of Participant's service from and including October 1, 2018, through September 30, 2021; and (y) the denominator of which is the total number of days from and including October 1, 2018, through September 30, 2021 (i.e., 1096 days); plus
- (C) Performance-Based Phantom Stock Units: for Performance-Based Phantom Stock Units that are not vested pursuant to clause (A) above, the sum of
- (1) the number of Target Tranche 1 Performance-Based Phantom Stock Units multiplied by (a) the Vesting Percentage for the Tranche 1 Performance Period, as determined by the Committee when and as such determination is made for other Participants, and further multiplied by (b) a fraction (x) the numerator of which is the number of days of Participant's service from and including October 1, 2018 through September 30, 2019; and (y) the denominator of which is the total number of days from and including October 1, 2018, through September 30, 2019 (i.e., 365 days); plus
 - (2) the number of Target Tranche 2 Performance-Based Phantom Stock Units multiplied by (a) the Vesting Percentage for the Tranche 2 Performance Period, as determined by the Committee when and as such determination is made for other Participants, and further multiplied by (b) a fraction (x) the numerator of which is the number of days of participant's service from and including October 1, 2019 through September 30, 2020; and (y) the denominator of which is the total number of days from and including October 1, 2019, through September 30, 2020 (i.e., 366 days); plus
 - (3) the number of Target Tranche 3 Performance-Based Phantom Stock Units multiplied by (a) the Vesting Percentage for the Tranche 2 Performance Period, as determined by the Committee when and as such determination is made for other Participants, and further multiplied by (b) a fraction (x) the numerator of which is the number of days of participant's service from and including October 1, 2020 through September 30, 2021; and (y) the denominator of which is the total number of days from and including October 1, 2020, through September 30, 2021 (i.e., 365 days).

Notwithstanding the foregoing and anything in this Agreement or the Plan to the contrary, if the Participant is a participant in a Severance Plan at the time he or she experiences a Qualifying Termination (as defined in the applicable Severance Plan), the terms and conditions of this Agreement shall apply to any vesting of this award prior to a Change of Control; however, the terms of the Severance Plan shall apply to the determination of a Qualifying Termination, any vesting of this award following a Change of Control and to any other terms or conditions of severance, such as the requirement to timely execute and not revoke a Release.

An example of the calculation of the number of pro-rated Phantom Stock Units that vest in accordance with this Section, provided for illustrative purposes only, is set forth in Section II of Annex A.

For purposes of this Agreement,

“**Cause**” means (i) the Participant's gross negligence in the performance or intentional nonperformance of any of the Participant's material duties and responsibilities to the Company or

any of its affiliates; (ii) the Participant's dishonesty, theft, embezzlement or fraud with respect to the business, property, reputation or affairs of the Company or any of its affiliates, (iii) the Participant's conviction of, or a plea of other than not guilty to, a felony or a misdemeanor involving moral turpitude; (iv) the Participant's confirmed drug or alcohol abuse that materially affects the Participant's service or violates the Company's drug or alcohol abuse policy; (v) the Participant's violation of a material Company personnel or similar policy, such policy having been made available to the Participant; or (vi) the Participant's having committed any material violation of any federal or state law regulating securities (without having relied on the advice of the Company's attorney) or having been the subject of any final order, judicial or administrative, obtained or issued by the Securities and Exchange Commission, for any securities violation involving fraud, including, without limitation, any such order consented to by the Participant in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied.

"**Good Reason**" shall mean the Participant's termination of employment due to, and within thirty (30) days following, the occurrence of any of the following without the Participant's written consent: (i) a material reduction in the Participant's duties and responsibilities; (ii) a material reduction in the Participant's annual rate of base cash compensation; or (iii) a change in the location of the Participant's principal place of employment to a location more than 50 miles from that in effect immediately prior to the Change in Control. Notwithstanding the foregoing, to effect a termination for Good Reason, the Participant must provide the Company with written notice of the events alleged to constitute Good Reason hereunder and may not terminate employment for Good Reason if the Company shall cure such conduct within 30 days of receiving such written notice from the Participant.

Section 5. **Effect of a Change in Control.** Notwithstanding the provisions of Section 4 hereof, this Section 5 shall apply to determine the vesting of the unvested Phantom Stock Units upon the occurrence of a Change in Control prior to a Scheduled Vesting Date.

If, immediately following the occurrence of the Change in Control, the value of the Phantom Stock Units is determined by reference to a class of stock that is publicly traded on an established U.S. securities market (a "**Publicly Traded Stock**"), including by reason of an adjustment pursuant to Section 7 or the assumption of this Award by the corporation surviving any merger or other corporate transaction or the publicly traded parent corporation thereof (the "**Successor Corporation**"), the performance conditions with respect to the Performance-Based Phantom Stock Units shall be deemed met at maximum levels, and the Participant's rights with respect to the Time-Vesting Phantom Stock Units and the Performance-Based Phantom Stock Units shall become vested subject only to satisfaction of the service conditions specified in Section 4. In such circumstance, in addition to provisions specified in Section 4, the service conditions will be deemed satisfied in full upon any termination of the Participant's employment (i) by the Company other than for Cause or (ii) by the Participant for Good Reason, in either, case occurring on or after such a Change in Control.

If the value of the Phantom Stock Units is not determined by reference to a Publicly Traded Stock immediately following the occurrence of the Change in Control, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume this Award, the unvested Phantom Stock Units subject to this Award shall vest in full, with performance conditions deemed met at maximum levels, upon the occurrence of such Change in Control.

Any Phantom Stock Units that become vested pursuant to this Section 5 shall be payable in accordance with Section 6 hereof; provided that, notwithstanding the foregoing and anything in this Agreement or the Plan to the contrary, if the Participant is a participant in a Severance Plan at the time he or she experiences a Qualifying Termination (as defined in the Severance Plan) upon the occurrence of a Change in Control prior to a Scheduled Vesting Date, the terms of the Severance Plan shall apply to any vesting of this award.

Notwithstanding the foregoing, in any circumstance or transaction in which compensation payable pursuant to this Agreement would be subject to the income tax under Section 409A (as defined below) if the Plan's definition of "Change in Control" were to apply, but would not be so subject if the term "Change in Control" were defined herein to mean a "change in control event" within the meaning of Treasury Regulation § 1.409A-3(i)(5), then "**Change in Control**" means, but only to the extent necessary to prevent such compensation from becoming subject to the income tax under Section 409A, a transaction or circumstance that satisfies the requirements of both (1) a Change in Control as defined in the Plan, and (2) a "change in control event" within the meaning of Treasury Regulation § 1.409A-3(i)(5).

Section 6. **Payment of Award.** Except as otherwise provided herein, subject to the Participant's continuous employment with the Company from the Grant Date through the applicable Payment Event (as defined below), payment in respect of Phantom Stock Units that become vested and payable pursuant to this Agreement shall be made within 30 days following the earliest to occur of: (i) the Scheduled Vesting Date, (ii) termination of Participant's employment due to his death, (iii) termination of Participant's employment due to his Disability, (iv) termination of Participant's employment by the Company without Cause or by the Participant for Good Reason, in either case, prior to a Change in Control or (v) termination of Participant's employment by the Company without Cause or by the Participant for Good Reason, in either case, following a Change in Control after which the value of the Phantom Stock Units is determined by reference to a class of Publicly Traded Stock or a Change in Control after which the value of the Phantom Stock Units is not determined by reference to a class of Publicly Traded Stock (each of (i) through (v), a "**Payment Event**"). Unless the Committee shall direct that the Company settle any Phantom Stock Units that become payable following the occurrence of a Change in Control in cash, the Phantom Stock Units shall be settled in shares of Stock (or any other equity to which the Phantom Stock Units relate by reason of an adjustment pursuant to Section 7 or an assumption of this Award by a Successor Corporation). If the Committee determines to settle such Phantom Stock Units in cash, the amount of cash payable shall be based upon the Fair Market Value of a share of Stock (or any other equity to which the Phantom Stock Units relate by reason of an adjustment pursuant to Section 7) on the date of the applicable Payment Event. Any payment made in settlement of Phantom Stock Units shall be subject to any and all applicable tax withholding requirements the Company, which may be effected from any shares issuable in respect thereof by withholding therefrom the greatest number of whole shares having a Fair Market Value not in excess of the lesser of (i) the taxes payable in respect of the amount payable under this Section 6, and (ii) the maximum amount that may be withheld from such payment without the Company having to apply liability accounting for financial accounting purposes. All unvested Phantom Stock Units that do not become payable upon the occurrence of the first Payment Event shall be immediately forfeited for no consideration and the Participant's rights with respect thereto shall cease as of such Payment Event.

Section 7. **Adjustments for Corporate Transactions.** In the event that there shall occur any Recapitalization (i) the number of (and, if applicable, securities related to) the Phantom Stock Units and (ii) the Cumulative Income targets shall be adjusted by the Committee in such manner as the Committee determines is necessary or appropriate to prevent any enhancement or diminution of the Participant's rights and opportunities hereunder. To the extent that the Phantom Stock Units awarded herein shall be deemed to relate to a different number of shares of Stock or different securities as a result of any such adjustment, such additional number of shares or other securities shall be subject to the restrictions of the Plan and this Agreement and the vesting conditions specified herein.

Section 8. **Golden Parachute Excise Tax.** Notwithstanding anything in this Agreement to the contrary, if the Participant is a "disqualified individual" (as defined in section 280G(c) of the Code), and the payments and benefits to be provided to the Participant under this Agreement, together with any other payments and benefits to which the Participant has the right to receive from the Company or any other

person, would constitute a “parachute payment” (as defined in section 280G(b)(2) of the Code) (collectively, “**Participant’s Parachute Payment**”), then the Participant’s Parachute Payments (a) shall be reduced (but not below zero) so that the present value of such total amounts and benefits received by the Participant will be \$1.00 less than three times the Participant’s “base amount” (as defined in section 280G(b)(3) of the Code), so that no portion of the amounts to be received will be subject to the excise tax imposed by section 4999 of the Code or (b) shall be paid in full, whichever of (a) and (b) produces the better “net after-tax” benefit to the Participant (taking into account all applicable taxes, including any excise tax imposed under section 4999 of the Code). To the extent that the Participant is party to any arrangement with the Company that provides for the payment of cash severance benefits, the benefits payable thereunder shall be reduced (but not below zero) in accordance with the provisions of such arrangement prior to any reduction in the benefits payable hereunder. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith.

Section 9. **Restrictions on Transfer.** Neither this Award nor any Phantom Stock Units covered hereby may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the Phantom Stock Units as provided herein.

Section 10. **No Shareholder Rights.** The Phantom Stock Units granted pursuant to this Award, whether or not vested, will not confer upon the Participant any rights as a shareholder, including, without limitation, the right to receive or to be credited with any dividends or dividend equivalents or to vote any shares of Stock, unless and until the Award is paid in shares of Stock in accordance with the terms hereof. Nothing in this Section 10 shall be construed to override the right of a Participant to have the number of Phantom Stock Units adjusted in accordance with the provisions of Section 7 hereof.

Section 11. **Award Subject to Plan.** This Phantom Stock Unit Award is subject to the terms of the Plan, the terms and provisions of which are hereby incorporated by reference. Unless otherwise expressly provided herein, nothing in this Agreement shall be construed to limit any authority afforded to the Committee pursuant to the terms of the Plan. In the event of a conflict or ambiguity between any term or provision contained herein and a term or provision of the Plan, the Plan will govern and prevail.

Section 12. **No Right of Employment.** Nothing in this Agreement shall confer upon the Participant any right to continue as an employee of, or other service provider to, the Company or any of its subsidiaries, nor interfere in any way with the right of Company or any such subsidiary to terminate the Participant’s employment or other service at any time or to change the terms and conditions of such employment or other service.

Section 13. **No Guarantee of Tax Consequences.** None of the Board, the Committee, the Company or any affiliate of any of the foregoing makes any commitment or guarantee that any federal, state, local or other tax treatment will (or will not) apply or be available to the Participant (or to any person claiming through or on behalf of the Participant) and shall have no liability or responsibility with respect to taxes (and penalties and interest thereon) imposed on the Participant (or on any person claiming through or on behalf of the Participant) as a result of this Agreement.

Section 14. **Section 409A.** Notwithstanding the other provisions hereof, this Agreement is intended to comply with or otherwise be exempt from the requirements of Section 409A of the Code and the regulations and administrative guidance promulgated thereunder (“**Section 409A**”), to the extent applicable, and this Agreement shall be interpreted to avoid any taxes or penalty sanctions under Section 409A. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with or otherwise be exempt from Section 409A. No interest will be payable with respect to any amount paid within a time period permitted by, or delayed because of, Section 409A. All payments to be made upon a termination of the Participant’s employment under this Agreement that constitute deferred compensation for purposes of Section 409A may only be made upon a “separation from service”

under Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. Any amount payable to the Participant pursuant to this Agreement during the six (6) month period immediately following the date of the Participant's termination of employment that is not otherwise exempt from Section 409A, then such amount shall hereinafter be referred to as the "**Excess Amount**." If at the time of the Participant's separation from service, the Company's (or any entity required to be aggregated with the Company under Section 409A) stock is publicly-traded on an established securities market or otherwise and the Participant is a "specified employee" (as defined in Section 409A), then the Company shall postpone the commencement of the payment of Excess Amount for six (6) months following the date of the Participant's termination of employment. The delayed Excess Amount shall be paid in a lump sum to the Participant on the Company's first normal payroll date following the date that is six (6) months following the date of the Participant's termination of employment. If the Participant dies during such six (6) month period and prior to the payment of the portion of the Excess Amount that is required to be delayed on account of Section 409A, such Excess Amount shall be paid to the Participant's estate within sixty (60) days after the Participant's death.

Section 15. **Clawback**. Notwithstanding any other provisions in the Plan or this Agreement, any compensation payable pursuant to this Agreement that is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

Section 16. **Data Privacy**. The Participant expressly authorizes and consents to the collection, possession, use, retention and transfer of personal data of the Participant, whether in electronic or other form, by and among Company, its Affiliates, third-party administrator(s) and other possible recipients, in each case for the exclusive purpose of implementing, administering, facilitating and/or managing the Participant's Awards under, and participation in, the Plan. Such personal data may include, without limitation, the Participant's name, home address and telephone number, date of birth, Social Security Number, social insurance number or other identification number, salary, nationality, job title and other job-related information, tax information, the number of Company shares held or sold by the Participant, and the details of all Awards (including any information contained in this Award and all Award-related materials) granted to the Participant, whether exercised, unexercised, vested, unvested, cancelled or outstanding.

Section 17. **Entire Agreement**. This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

Section 18. **Successors and Assigns**. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant's, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be join herein and be bound by the terms hereof.

Section 19. **Severability**. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 20. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 21. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the choice of law principles thereof.

[SIGNATURES ON NEXT PAGE]

By signing below, the Participant accepts this Award, and acknowledges and agrees that this Award is granted under and governed by the terms and conditions of the Plan and this Agreement.

PARTICIPANT:

IES HOLDINGS, INC.

Name:

By: _____

Its: _____

Annex I

I. Determination of Percentage of Performance-Based Phantom Stock Units Vested:

Percentage of Target Cumulative Income Earned	Percentage of Target Performance-Based Phantom Stock Units Vested ("Vesting Percentage")
75%	50%
87.5%	75%
100%	100%
105%	110%
110%	120%

For each Performance Period, Cumulative Income earned will be calculated by the Committee and converted to a percentage of the Target Cumulative Income for that Performance Period, as set forth in Section 3. For example, if the Target Cumulative Income for a Performance Period is \$74,000,000 and the actual Cumulative Income for the Performance Period is \$66,600,000, the Percentage of Target Cumulative Income Earned for that Performance Period would be 90%. For achievement of Cumulative Income between any of the stated performance thresholds, the Percentage of Target Performance-Based Phantom Stock Units earned shall be determined by mathematical interpolation between such thresholds (e.g., if 90% of the Target Cumulative Income for a Performance Period is earned, 80% will be the vesting percentage, and 80% of the Target Performance-Based Phantom Stock Units attributable to that Performance Period will be vested).

Annex II

An example of the calculation set forth in Section 4 of the Agreement, provided for illustrative purposes only, is set forth below:

For the purposes of this example, the following assumptions apply:

- the Participant was granted a total of 800 Phantom Stock Units, as shown below:
- the Participant is terminated by the Company without Cause on November 15, 2019 (without a Change of Control); and
- the Committee ultimately determines the Vesting Percentage based on Cumulative Income Earned to be 75% for the Fiscal 2019 Period, 85% for the Fiscal Year 2019 through Fiscal Year 2020 Period, and 95% for the Fiscal Year 2019 through Fiscal Year 2021 Period

Time-Based Phantom Stock Units: 200 Units, of which 115.61 Vest Based on Pro-rating

	% of Total Units	# of Units	Pro rata Accelerated Vesting Calculation				Prorated %	Prorated Vesting #
			Actual Days Served Period	Days	Total Service Period			
Tranche 1	6.25%	50	10/1/2018-10/1/2019	365	365	100%	50	
Tranche 2	6.25%	50	10/1/2018-10/1/2020	411	731	56%	28.11	
Tranche 3	12.50%	100	10/1/2018-10/1/2021	411	1096	38%	37.5	
Total	<u>25.00%</u>	<u>200</u>					<u>115.61</u>	

Performance-Based Phantom Stock Units: 600 Units, of which 128.52 Vest Based on Pro-rating

	% of Total Units	# of Units	Performance Based Vesting %	Performance Based Vesting #	Scheduled Vesting Date	Pro rata Accelerated Vesting Calculation				Prorated %*	Prorated Vesting #
						Actual Days Served Period	Days	Total Service Period			
Tranche 1	18.75%	150	75%	112.50	12/15/2019	10/1/2018-9/30/2019	365	365	100%	112.50	
Tranche 2	18.75%	150	85%	127.50	12/15/2020	10/1/2019-9/30/2020	46	366	13%	16.02	
Tranche 3	37.50%	300	95%	285.00	12/15/2021	10/1/2020-9/30/2021	0	365	0%	—	
Total	<u>75.00%</u>	<u>600</u>		<u>525.00</u>						<u>128.52</u>	

* Percentages have been rounded for illustrative purposes.

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this “**Agreement**”) is made and entered into as of [] (“**Grant Date**”) by and between IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (“**Company**”), and [] (“**Participant**”) pursuant to the terms and conditions of the Company’s Amended and Restated 2006 Equity Incentive Plan dated as of February 9, 2016 (“**Plan**”), in respect of []¹ Shares of Restricted Stock. All capitalized terms not defined herein without separate definition shall have the meaning set forth in the Plan.

Section 1. **Restricted Stock Award.** This Agreement governs an Award of Restricted Stock pursuant to the Plan (the “**Cumulative Income Shares**”). Each Cumulative Income Share shall be subject to the satisfaction of the performance and service conditions specified herein and the other terms and conditions set forth in this Agreement.

Section 2. **Performance Vesting Requirement.** The performance targets applicable to the Cumulative Income Shares are established to incent the Participant to cause the Company to achieve superior growth in the Company’s net income over the Performance Period (as defined below). The number of Cumulative Income Shares that vest shall be based on the Company’s achievement of cumulative Comprehensive Income Attributable to IES Holdings, Inc. before provision for income taxes and excluding employee stock compensation expense (“**Cumulative Income**”) for the period from October 1, 2018 to September 30, 2021 (the “**Performance Period**”) as compared to the target Cumulative Income for the Performance Period of \$[] (the “**Target Cumulative Income**”). For the purpose of determining the number of Cumulative Income Shares that vest, Cumulative Income is calculated from the Company’s audited financial statements for the years ended September 30, 2019, 2020, and 2021 in accordance with GAAP, except that it does not take into account any (i) gains or losses on the disposition of a business; (ii) restructuring charges; or (iii) Extraordinary Items as determined by the Committee, where “Extraordinary Items” means any item of income or expense that, taking into account the environment in which the Company operates, (a) possesses a high degree of abnormality and is of a type unrelated (or only incidentally related) to the Company’s ordinary and typical activities and (b) is not reasonably expected to recur in the foreseeable future.

The table set forth in Section I of Schedule A sets forth the percentage, if any, of the total Cumulative Income Shares (the “**Target Cumulative Income Shares**”) that shall be deemed vested based on the Company’s achievement of Cumulative Income for the Performance Period (the “**Vesting Percentage**”). Any Cumulative Income Shares that do not vest upon the Scheduled Vesting Date (as defined in Section 3) based on Cumulative Income during the Performance Period shall be forfeited. The determination of the final Cumulative Income for the Performance Period shall be made by the Committee in its sole discretion in accordance with the formula above.

Section 3. **Service Vesting Requirement.** Except as otherwise expressly specified below, in addition to the performance vesting requirements of Section 2, the Cumulative Income Shares shall become vested only if the Participant remains continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the earlier of (i) December 15, 2021 and (ii) the date that the Company files its Annual Report on Form 10-K for its fiscal year ending September 30, 2021 (the

¹ The number of Shares shall be equal to the Participant’s Base Salary, pro-rated for the number of months remaining in the fiscal year, divided by the average closing price per share of the Company’s common stock for the 5 trading days immediately preceding the grant date.

“**Scheduled Vesting Date**”). Except as otherwise provided in this Agreement, if the Participant does not remain continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the Scheduled Vesting Date, all of the unvested Cumulative Income Shares subject to this Award shall be immediately forfeited for no consideration and the Participant’s rights with respect thereto shall cease upon termination of the Participant’s employment.

Notwithstanding the foregoing, or anything in the Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended and Restated Executive Officer Severance Benefit Plan (the “**Severance Plan**”) or in any other benefit plan or agreement to the contrary, if the Participant’s employment is terminated prior to the Scheduled Vesting Date (i) due to the Participant’s death, (ii) due to the Participant’s Disability, (iii) by the Company without Cause, or (iv) by the Participant for Good Reason, the Participant shall be deemed to have become vested in a pro-rated portion of the Cumulative Income Shares (based on the pro-rating formula below), without regard to the actual achievement of the applicable service condition under this Section 3, provided that, vesting of the Cumulative Income Shares, in addition to being pro-rated as provided below, shall occur following the end of the Performance Period only if and to the extent the performance objectives for the Performance Period have been achieved, as determined by the Compensation Committee, and, further, to the extent the Participant is subject to the Severance Plan, the Participant has executed and delivered an enforceable Release (as defined in the Severance Plan) provided for therein and such Release has become irrevocable. To the extent earned, vesting of any Cumulative Income Shares shall occur on the Scheduled Vesting Date or on the date immediately following the date any required Release becomes irrevocable, whichever shall later occur.

The pro-rated portion of the Cumulative Income Shares shall be determined as follows:

- (A) Performance Period has been completed as of such termination date: the number of Cumulative Income Shares that shall vest shall be calculated in accordance with the terms of this Agreement as if the Participant had remained employed through the Scheduled Vesting Date, or
- (B) Performance Period has not been completed as of such termination date: the number of Cumulative Income Shares that shall vest shall equal the number of Target Cumulative Income Shares multiplied by (a) the Vesting Percentage, as determined by the Committee when and as such determination is made for participants in similar performance awards for the Performance Period, and further multiplied by (b) a fraction (x) the numerator of which is the number of days of Participant’s service from and including October 1, 2020 through September 30, 2021; and (y) the denominator of which is the total number of days from and including October 1, 2020, through September 30, 2021 (*i.e.*, 365 days).

Notwithstanding the foregoing and anything in this Agreement or in the Severance Plan or any other benefit plan or agreement to the contrary, if the Participant is a participant in the Severance Plan at the time he experiences a Qualifying Termination (as defined in the Severance Plan), the terms and conditions of this Agreement shall apply to any vesting of this award prior to a Change in Control (as defined below); however, the terms of the Severance Plan shall apply to the determination of a Qualifying Termination, any vesting of this award in the event a Qualifying Termination upon the occurrence of a Change in Control and to any other terms or conditions of severance, such as the requirement to timely execute and not revoke a Release.

An example of the calculation of the number of pro-rated Cumulative Income Shares that vest in accordance with this Section, provided for illustrative purposes only, is set forth in Section II of Schedule A.

For purposes of this Agreement, “Cause,” “Good Reason” and “Disability” have the definition set forth in the employment agreement between the Company and the Participant in effect as of the Grant Date (the “**Employment Agreement**”).

Section 4. **Effect of a Change in Control**. Notwithstanding the provisions of Sections 2 and 3 hereof or anything in the Severance Plan or in any other benefit plan or agreement to the contrary, other than as specified below, this Section 4 shall apply to determine the vesting of the unvested Cumulative Income Shares upon the occurrence of a Change in Control prior to the Scheduled Vesting Date.

If, immediately following the occurrence of the Change in Control, the value of the unvested Cumulative Income Shares is determined by reference to a class of stock that is publicly traded on an established U.S. securities market (a “**Publicly Traded Stock**”), including by reason of an adjustment pursuant to Section 5 or the assumption of this Award by the corporation surviving any merger or other corporate transaction or the publicly traded parent corporation thereof (the “**Successor Corporation**”), the performance conditions with respect to the Cumulative Income Shares shall be deemed met at target levels, and the Cumulative Income Shares shall become vested subject only to satisfaction of the service condition specified in Section 3, where the stock price requirement therein shall be adjusted, if necessary, by the Committee in accordance with the Plan. In such circumstance, in addition to provisions specified in Section 3, the service condition will be deemed satisfied in full upon any termination of the Participant’s employment (i) by the Company without Cause, (ii) by the Participant for Good Reason or (iii) due to Participant’s death or Disability, in either case occurring on or after such a Change in Control.

If the value of the Cumulative Income Shares is not determined by reference to a Publicly Traded Stock immediately following the occurrence of the Change in Control, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume this Award, the unvested Cumulative Income Shares subject to this Award shall vest in full, with performance conditions deemed met at target levels, upon the occurrence of such Change in Control.

Notwithstanding the foregoing and anything in this Agreement or the Plan to the contrary, if the Participant is a participant in the Severance Plan at the time he experiences a Qualifying Termination upon the occurrence of a Change in Control prior to the Scheduled Vesting Date, the terms of the Severance Plan shall apply to any vesting of this award.

For the purposes of this Agreement, “Change in Control” has the definition set forth in the Severance Plan.

Section 5. **Adjustments for Corporate Transactions**. In the event that there shall occur any Recapitalization the number of (and, if applicable, securities related to) the Cumulative Income Shares be adjusted by the Committee in such manner as the Committee determines is necessary or appropriate to prevent any enhancement or diminution of the Participant’s rights and opportunities hereunder. To the extent that the Cumulative Income Shares awarded herein shall be deemed to relate to a different number of Shares or different securities as a result of any such adjustment, such additional number of shares or other securities shall be subject to the restrictions of the Plan and this Agreement and the vesting conditions specified herein.

Section 6. **Issuance of Restricted Shares**.

- (a) **Stock Certificates**. The Company either shall cause to be issued a certificate or certificates for the Cumulative Income Shares, registered in the Participant’s name, or cause a book entry to be made with the Company’s transfer agent evidencing the Cumulative Income Shares registered in the Participant’s name. The Company shall appropriately legend any certificate related to the Cumulative Income Shares to reference the restrictions thereon as set forth in this Agreement.

- (b) **Stockholder Rights.** The Participant shall have all the rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the Cumulative Income Shares, subject, however, to the restrictions of this Agreement.
- (c) **Form of Issuance and Escrow.** For so long as the Cumulative Income Shares are not vested, the Company shall cause such certificate or certificates to be deposited in escrow if certificates are issued. If evidenced by book entry at the transfer agent the entry shall denote the shares are restricted as to transfer. The Participant shall deliver to the Company a duly-executed blank Stock Power (in the form attached hereto as Schedule B).

Section 7. **Tax Withholding.** To the extent this Award results in compensation income to the Participant upon grant or vesting, the Participant must deliver to the Company at that time such amount of money as the Company may require to meet its tax withholding obligations under applicable laws or make such other arrangements to satisfy such withholding obligations as the Company, in its sole discretion, may approve; provided, however, that unless the Participant otherwise requests in writing or the Committee shall otherwise determine, the Company shall instead withhold or “net” from the Shares otherwise to be issued to the Participant the greatest number of whole shares having a Fair Market Value not in excess of the lesser of (i) the Company’s tax withholding obligations and (ii) the maximum amount that may be withheld from such payment without the Company having to apply liability accounting for financial accounting purposes.

Section 8. **Modification.** Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.

Section 9. **Golden Parachute Excise Tax.** Notwithstanding anything in this Agreement to the contrary, if the Participant is a “disqualified individual” (as defined in section 280G(c) of the Code), and the payments and benefits to be provided to the Participant under this Agreement, together with any other payments and benefits to which the Participant has the right to receive from the Company or any other person, would constitute a “parachute payment” (as defined in section 280G(b)(2) of the Code) (collectively, “**Participant’s Parachute Payment**”), then the Participant’s Parachute Payments (a) shall be reduced (but not below zero) so that the present value of such total amounts and benefits received by the Participant will be \$1.00 less than three times the Participant’s “base amount” (as defined in section 280G(b)(3) of the Code), so that no portion of the amounts to be received will be subject to the excise tax imposed by section 4999 of the Code or (b) shall be paid in full, whichever of (a) and (b) produces the better “net after-tax” benefit to the Participant (taking into account all applicable taxes, including any excise tax imposed under section 4999 of the Code). To the extent that the Participant is party to any arrangement with the Company that provides for the payment of cash severance benefits, the benefits payable thereunder shall be reduced (but not below zero) in accordance with the provisions of such arrangement prior to any reduction in the benefits payable hereunder. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith.

Section 10. **Restrictions on Transfer.** Neither this Award nor any Cumulative Income Shares covered hereby may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the Cumulative Income Shares as provided herein.

Section 11. **Award Subject to Plan.** This Award of Cumulative Income Shares is subject to the terms of the Plan, the terms and provisions of which are hereby incorporated by reference. Unless otherwise expressly provided herein, nothing in this Agreement shall be construed to limit any authority afforded to the Committee pursuant to the terms of the Plan. In the event of a conflict or ambiguity between any term or provision contained herein and a term or provision of the Plan, the Plan will govern and prevail.

Section 12. **No Right of Employment.** Nothing in this Agreement shall confer upon the Participant any right to continue as an employee of, or other service provider to, the Company or any of its subsidiaries, nor interfere in any way with the right of Company or any such subsidiary to terminate the Participant's employment or other service at any time or to change the terms and conditions of such employment or other service.

Section 13. **No Guarantee of Tax Consequences.** None of the Board, the Committee, the Company or any affiliate of any of the foregoing makes any commitment or guarantee that any federal, state, local or other tax treatment will (or will not) apply or be available to the Participant (or to any person claiming through or on behalf of the Participant) and shall have no liability or responsibility with respect to taxes (and penalties and interest thereon) imposed on the Participant (or on any person claiming through or on behalf of the Participant) as a result of this Agreement.

Section 14. **Clawback.** Notwithstanding any other provisions in the Plan or this Agreement, any compensation payable pursuant to this Agreement that is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

Section 15. **Data Privacy.** The Participant expressly authorizes and consents to the collection, possession, use, retention and transfer of personal data of the Participant, whether in electronic or other form, by and among Company, its Affiliates, third-party administrator(s) and other possible recipients, in each case for the exclusive purpose of implementing, administering, facilitating and/or managing the Participant's Awards under, and participation in, the Plan. Such personal data may include, without limitation, the Participant's name, home address and telephone number, date of birth, Social Security Number, social insurance number or other identification number, salary, nationality, job title and other job-related information, tax information, the number of Company shares held or sold by the Participant, and the details of all Awards (including any information contained in this Award and all Award-related materials) granted to the Participant, whether exercised, unexercised, vested, unvested, cancelled or outstanding.

Section 16. **Entire Agreement.** This Agreement, the Plan and the Employment Agreement constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. To the extent the Participant is subject to the Severance Plan, the terms and conditions of this Agreement shall apply to any vesting of the Cumulative Income Shares in all circumstances.

Section 17. **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

Section 18. **Severability**. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 19. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 20. **Governing Law**. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the choice of law principles thereof.

By signing below, the Participant accepts this Award, and acknowledges and agrees that this Award of Cumulative Income Shares is granted under and governed by the terms and conditions of the Plan and this Agreement.

PARTICIPANT:

IES HOLDINGS, INC.

By: _____

Its: _____

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

Section I

Determination of Percentage of Cumulative Income Shares Vested:

Percentage of Target Cumulative Income Earned	Percentage of Shares of Target Cumulative Income Shares Vested ("Vesting Percentage")
75%	50%
87.5%	75%
100%	100%

For the Performance Period, Cumulative Income earned will be calculated by the Committee and converted to a percentage of the Target Cumulative Income for the Performance Period. For example, based on Target Cumulative Income for the Performance Period of \$139,182,000, if the actual Cumulative Income for the Performance Period is \$125,263,800, the Percentage of Target Cumulative Income Earned for the Performance Period would be 90%. For achievement of Cumulative Income between any of the stated performance levels, the percentage of Target Cumulative Income Shares vested shall be determined by linear mathematical interpolation between such levels (e.g., if 90% of the Target Cumulative Income for the Performance Period is earned, 80% will be the Vesting Percentage, and 80% of the Target Cumulative Income Shares will be vested). If less than 75% of the Target Cumulative Income for the Performance Period is achieved, the Vesting Percentage will be 0%. In no event will the Vesting Percentage be greater than 100%.

Section II

An example of the calculation set forth in Section 3 of the Agreement, provided for illustrative purposes only, is set forth below:

For the purposes of this example, the following assumptions apply:

- the Participant was granted a total of 1,000 Cumulative Income Shares, as shown below:
- the Participant is terminated by the Company without Cause on December 12, 2020 (without a Change in Control); and
- the Committee ultimately determines the Vesting Percentage based on Cumulative Income earned to be 95% for the Performance Period.

<u># of Shares</u>	<u>Vesting Percentage</u>	<u># of Shares Vested</u>	<u>Termination Date</u>	<u>Service Period</u>	<u>Actual Days Served in Period</u>	<u>Total Days in Service Period</u>	<u>Pro-rated Percentage</u>	<u>Pro-rated # of Shares Vested</u>
1000	95%	950	12/12/2020	10/1/2020 - 9/30/2021	73	365	20%	190

AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

Stock Assignment Separate From Certificate

[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the shares are assigned.]

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____, _____ (_____) shares of the common stock of IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (“**Company**”), standing in his name on the books of the Company represented by Certificate No. _____ (or electronic equivalent) herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company with the power of attorney to transfer the said stock in the books of the Company with full power of substitution. This assignment may be executed by the Participant by means of electronic or digital signatures, which have the same force and effect as manual signatures.

Dated: _____

Signature of the Participant

Print Name

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this “**Agreement**”) is made and entered into as of March 4, 2019 (the “**Grant Date**”) by and between IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (the “**Company**”), and Gary S. Matthews (the “**Participant**”) pursuant to the terms and conditions of the Company’s Amended and Restated 2006 Equity Incentive Plan dated as of February 9, 2016 (the “**Plan**”), in respect of 80,000 Shares of Restricted Stock. All capitalized terms not defined herein without separate definition shall have the meaning set forth in the Plan.

Section 1. **Restricted Stock Award.** This Agreement governs an Award of time-based Restricted Stock pursuant to the Plan (the “**Time-Based Shares**”). Subject to the service requirement set forth in Section 2, the Time-Based Shares shall vest according to the following schedule:

Number of Time-Based Shares	Percentage of Time-Based Shares Granted	Vesting Date
20,000	25%	First (1st) Anniversary of Grant Date
20,000	25%	Second (2nd) Anniversary of Grant Date
20,000	25%	Third (3rd) Anniversary of Grant Date
20,000	25%	Fourth (4th) Anniversary of Grant Date
Total: 80,000	100%	

Section 2. **Service Vesting Requirement.** Except as otherwise expressly specified below, the Participant shall vest in the Time-Based Shares only if the Participant remains continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the applicable Vesting Date as set forth in Section 1. Except as otherwise expressly specified below, if the Participant does not remain continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the applicable Vesting Date, all of the unvested Time-Based Shares subject to this Award shall be immediately forfeited for no consideration and the Participant’s rights with respect thereto shall cease upon termination of the Participant’s employment.

Notwithstanding the foregoing, or anything in the Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended and Restated Executive Officer Severance Benefit Plan (the “**Severance Plan**”) or in any other benefit plan or agreement to the contrary, if the Participant’s employment is terminated prior to a Vesting Date (i) due to the Participant’s death, (ii) due to the Participant’s Disability, (iii) by the Company without Cause, or (iv) by the Participant for Good Reason, the unvested Time-Based Shares shall automatically vest in full as of the Participant’s date of termination; provided that, to the extent the Participant is subject to the Severance Plan, the Participant has executed and delivered an enforceable Release (as defined in the Severance Plan) provided for therein and such Release has become irrevocable. For the purposes of this Agreement, “Cause,” “Good Reason” and “Disability” have the definition set forth in the employment agreement between the Company and the Participant in effect as of the Grant Date (the “**Employment Agreement**”).

Section 3. **Effect of a Change in Control.** Notwithstanding the provisions of Section 2 hereof, or anything in the Severance Plan or in any other benefit plan or agreement to the contrary, this Section 3 shall apply to determine the vesting of the unvested Time-Based Shares upon the occurrence of a Change in Control prior to a Vesting Date.

If, immediately following the occurrence of the Change in Control, the value of the unvested Time-Based Shares is determined by reference to a class of stock that is publicly traded on an established U.S. securities market (a “**Publicly Traded Stock**”), including by reason of an adjustment pursuant to Section 4 or the assumption of this Award by the corporation surviving any merger or other corporate transaction or the publicly traded parent corporation thereof (the “**Successor Corporation**”), the unvested Time-Based Shares shall become vested subject only to satisfaction of the service condition specified in Section 2. In such circumstance, the service condition will be deemed satisfied in full upon any termination of the Participant’s employment (i) by the Company without Cause, (ii) by the Participant for Good Reason or (iii) due to the Participant’s death or Disability, in any case occurring on or after such a Change in Control.

If, immediately following the occurrence of the Change in Control, the value of the Time-Based Shares is not determined by reference to a Publicly Traded Stock, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume this Award, the unvested Time-Based Shares subject to this Award shall vest in full upon the occurrence of such Change in Control.

For the purposes of this Agreement, “Change in Control” has the definition set forth in the Severance Plan.

Section 4. **Adjustments for Corporate Transactions.** In the event that there shall occur any Recapitalization the number of (and, if applicable, securities related to) the Time-Based Shares be adjusted by the Committee in such manner as the Committee determines is necessary or appropriate to prevent any enhancement or diminution of the Participant’s rights and opportunities hereunder. To the extent that the Time-Based Shares awarded herein shall be deemed to relate to a different number of Shares or different securities as a result of any such adjustment, such additional number of shares or other securities shall be subject to the restrictions of the Plan and this Agreement and the vesting conditions specified herein.

Section 5. **Issuance of Restricted Shares.**

- (a) **Stock Certificates.** The Company either shall cause to be issued a certificate or certificates for the Time-Based Shares, registered in the Participant’s name, or cause a book entry to be made with the Company’s transfer agent evidencing the Time-Based Shares registered in the Participant’s name. The Company shall appropriately legend any certificate related to the Time-Based Shares to reference the restrictions thereon as set forth in this Agreement.
- (b) **Stockholder Rights.** The Participant shall have all the rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the Time-Based Shares, subject, however, to the restrictions of this Agreement.
- (c) **Form of Issuance and Escrow.** For so long as the Time-Based Shares are not vested, the Company shall cause such certificate or certificates to be deposited in escrow if certificates are issued. If evidenced by book entry at the transfer agent the entry shall denote the shares are restricted as to transfer. The Participant shall deliver to the Company a duly-executed blank Stock Power (in the form attached hereto as Annex A).

Section 6. **Tax Withholding.** To the extent this Award results in compensation income to the Participant upon grant or vesting, the Participant must deliver to the Company at that time such amount of money as the Company may require to meet its tax withholding obligations under applicable laws or make such other arrangements to satisfy such withholding obligations as the Company, in its sole discretion, may approve; provided, however, that unless the Participant otherwise requests in writing or the Committee shall otherwise determine, the Company shall instead withhold or “net” from the Shares otherwise to be issued to the Participant the greatest number of whole shares having a Fair Market Value not in excess of the lesser of (i) the Company’s tax withholding obligations and (ii) the maximum amount that may be withheld from such payment without the Company having to apply liability accounting for financial accounting purposes.

Section 7. **Modification.** Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.

Section 8. **Golden Parachute Excise Tax.** Notwithstanding anything in this Agreement to the contrary, if the Participant is a “disqualified individual” (as defined in section 280G(c) of the Code), and the payments and benefits to be provided to the Participant under this Agreement, together with any other payments and benefits to which the Participant has the right to receive from the Company or any other person, would constitute a “parachute payment” (as defined in section 280G(b)(2) of the Code) (collectively, “**Participant’s Parachute Payment**”), then the Participant’s Parachute Payments (a) shall be reduced (but not below zero) so that the present value of such total amounts and benefits received by the Participant will be \$1.00 less than three times the Participant’s “base amount” (as defined in section 280G(b)(3) of the Code), so that no portion of the amounts to be received will be subject to the excise tax imposed by section 4999 of the Code or (b) shall be paid in full, whichever of (a) and (b) produces the better “net after-tax” benefit to the Participant (taking into account all applicable taxes, including any excise tax imposed under section 4999 of the Code). To the extent that the Participant is party to any arrangement with the Company that provides for the payment of cash severance benefits, the benefits payable thereunder shall be reduced (but not below zero) in accordance with the provisions of such arrangement prior to any reduction in the benefits payable hereunder. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith.

Section 9. **Restrictions on Transfer.** Neither this Award nor any Time-Based Shares covered hereby may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the Time-Based Shares as provided herein.

Section 10. **Award Subject to Plan.** This Award of Time-Based Shares is subject to the terms of the Plan, the terms and provisions of which are hereby incorporated by reference. Unless otherwise expressly provided herein, nothing in this Agreement shall be construed to limit any authority afforded to the Committee pursuant to the terms of the Plan. In the event of a conflict or ambiguity between any term or provision contained herein and a term or provision of the Plan, the Plan will govern and prevail.

Section 11. **No Right of Employment.** Nothing in this Agreement shall confer upon the Participant any right to continue as an employee of, or other service provider to, the Company or any of its subsidiaries, nor interfere in any way with the right of Company or any such subsidiary to terminate the Participant’s employment or other service at any time or to change the terms and conditions of such employment or other service.

Section 12. **No Guarantee of Tax Consequences.** None of the Board, the Committee, the Company or any affiliate of any of the foregoing makes any commitment or guarantee that any federal, state, local or other tax treatment will (or will not) apply or be available to the Participant (or to any person claiming through or on behalf of the Participant) and shall have no liability or responsibility with respect to taxes (and penalties and interest thereon) imposed on the Participant (or on any person claiming through or on behalf of the Participant) as a result of this Agreement.

Section 13. **Clawback**. Notwithstanding any other provisions in the Plan or this Agreement, any compensation payable pursuant to this Agreement that is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

Section 14. **Data Privacy**. The Participant expressly authorizes and consents to the collection, possession, use, retention and transfer of personal data of the Participant, whether in electronic or other form, by and among Company, its Affiliates, third-party administrator(s) and other possible recipients, in each case for the exclusive purpose of implementing, administering, facilitating and/or managing the Participant's Awards under, and participation in, the Plan. Such personal data may include, without limitation, the Participant's name, home address and telephone number, date of birth, Social Security Number, social insurance number or other identification number, salary, nationality, job title and other job-related information, tax information, the number of Company shares held or sold by the Participant, and the details of all Awards (including any information contained in this Award and all Award-related materials) granted to the Participant, whether exercised, unexercised, vested, unvested, cancelled or outstanding.

Section 15. **Entire Agreement**. This Agreement, the Plan and the Employment Agreement constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. To the extent the Participant is subject to the Severance Plan, the terms and conditions of this Agreement shall apply to any vesting of the Time-Based Shares in all circumstances.

Section 16. **Successors and Assigns**. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

Section 17. **Severability**. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 18. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 19. **Governing Law**. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the choice of law principles thereof.

By signing below, the Participant accepts this Award, and acknowledges and agrees that this Award of Time-Based Shares is granted under and governed by the terms and conditions of the Plan and this Agreement.

PARTICIPANT:

/s/ Gary S. Matthews

Gary S. Matthews

IES HOLDINGS, INC.

By: /s/ Gail D. Makode

Its: SVP & General Counsel

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

Stock Assignment Separate From Certificate

[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the shares are assigned.]

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____, _____ (_____) shares of the common stock of IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (“**Company**”), standing in his name on the books of the Company represented by Certificate No. _____ (or electronic equivalent) herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company with the power of attorney to transfer the said stock in the books of the Company with full power of substitution. This assignment may be executed by the Participant by means of electronic or digital signatures, which have the same force and effect as manual signatures.

Dated: _____

Signature of the Participant

Print Name

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this “**Agreement**”) is made and entered into as of March 4, 2019 (the “**Grant Date**”) by and between IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (the “**Company**”), and Gary S. Matthews (the “**Participant**”) pursuant to the terms and conditions of the Company’s Amended and Restated 2006 Equity Incentive Plan dated as of February 9, 2016 (the “**Plan**”), in respect of 20,000 Shares of Restricted Stock. All capitalized terms not defined herein without separate definition shall have the meaning set forth in the Plan.

Section 1. **Restricted Stock Award.** This Agreement governs an Award of performance-based Restricted Stock pursuant to the Plan (the “**First Stock Price-Based Shares**”). Subject to the performance-based vesting requirement set forth in Section 2 (the “**Performance-Based Vesting Schedule**”) and service requirement set forth in Section 3, the First Stock Price-Based Shares shall vest on the later of: (i) the second (2nd) anniversary of the Grant Date and (ii) the date the Performance-Based Vesting Schedule is satisfied (the later date being, the “**Vesting Date**”).

Section 2. **Performance Vesting Requirement.** The Performance-Based Vesting Schedule shall be satisfied if at any time during the five (5) years following the Effective Date (the “**Performance Period**”), the closing price per Share of Company’s common stock equals or exceeds \$35 per Share for any twenty (20) trading days out of twenty-five (25) consecutive trading days during the Performance Period.

Section 3. **Service Vesting Requirement.** Except as otherwise expressly specified below, the Participant shall vest in the First Stock Price-Based Shares only if the Participant remains continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the Vesting Date. Except as otherwise expressly specified below, if either (a) the Participant does not remain continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the Vesting Date or (b) the Performance-Based Vesting Schedule is not satisfied during the Performance Period, all of the First Stock Price-Based Shares subject to this Award shall be immediately forfeited for no consideration and the Participant’s rights with respect thereto shall cease upon termination of the Participant’s employment.

Notwithstanding the foregoing, or anything in the Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended and Restated Executive Officer Severance Benefit Plan (the “**Severance Plan**”) or in any other benefit plan or agreement to the contrary, if the Participant’s employment is terminated prior to the Vesting Date (i) due to the Participant’s death, (ii) due to the Participant’s Disability, (iii) by the Company without Cause, or (iv) by the Participant for Good Reason, the unvested First Stock Price-Based Shares shall automatically vest in full, without regard to the satisfaction of the Performance-Based Vesting Schedule, as of the Participant’s date of termination; provided that, to the extent the Participant is subject to the Severance Plan, the Participant has executed and delivered an enforceable Release (as defined in the Severance Plan) provided for therein and such Release has become irrevocable. For the purposes of this Agreement, “Cause,” “Good Reason” and “Disability” have the definition set forth in the employment agreement between the Company and the Participant in effect as of the Grant Date (the “**Employment Agreement**”).

Section 4. **Effect of a Change in Control.** Notwithstanding the provisions of Sections 2 and 3 hereof, or anything in the Severance Plan or in any other benefit plan or agreement to the contrary, this Section 4 shall apply to determine the vesting of the unvested First Stock Price-Based Shares upon the occurrence of a Change in Control prior to the Vesting Date.

If, immediately following the occurrence of the Change in Control, the value of the unvested First Stock Price-Based Shares is determined by reference to a class of stock that is publicly traded on an established U.S. securities market (a “**Publicly Traded Stock**”), including by reason of an adjustment pursuant to Section 5 or the assumption of this Award by the corporation surviving any merger or other corporate transaction or the publicly traded parent corporation thereof (the “**Successor Corporation**”), the unvested First Stock Price-Based Shares shall become vested subject only to satisfaction of the service condition specified in Section 3 and the Performance-Based Vesting Schedule, where the stock price requirement therein shall be adjusted, if necessary, by the Committee in accordance with the Plan. In such circumstance, the service condition and the Performance-Based Vesting Schedule will be deemed satisfied in full upon any termination of the Participant’s employment (i) by the Company without Cause, (ii) by the Participant for Good Reason or (iii) due to the Participant’s death or Disability, in any case occurring on or after such a Change in Control.

If, immediately following the occurrence of the Change in Control, the value of the First Stock Price-Based Shares is not determined by reference to a Publicly Traded Stock, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume this Award, the unvested First Stock Price-Based Shares subject to this Award shall vest in full, without regard to the satisfaction of the Performance-Based Vesting Schedule, upon the occurrence of such Change in Control.

For the purposes of this Agreement, “Change in Control” has the definition set forth in the Severance Plan.

Section 5. **Adjustments for Corporate Transactions.** In the event that there shall occur any Recapitalization the number of (and, if applicable, securities related to) the First Stock Price-Based Shares be adjusted by the Committee in such manner as the Committee determines is necessary or appropriate to prevent any enhancement or diminution of the Participant’s rights and opportunities hereunder. To the extent that the First Stock Price-Based Shares awarded herein shall be deemed to relate to a different number of Shares or different securities as a result of any such adjustment, such additional number of shares or other securities shall be subject to the restrictions of the Plan and this Agreement and the vesting conditions specified herein.

Section 6. **Issuance of Restricted Shares.**

- (a) **Stock Certificates.** The Company either shall cause to be issued a certificate or certificates for the First Stock Price-Based Shares, registered in the Participant’s name, or cause a book entry to be made with the Company’s transfer agent evidencing the First Stock Price-Based Shares registered in the Participant’s name. The Company shall appropriately legend any certificate related to the First Stock Price-Based Shares to reference the restrictions thereon as set forth in this Agreement.
- (b) **Stockholder Rights.** The Participant shall have all the rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the First Stock Price-Based Shares, subject, however, to the restrictions of this Agreement.
- (c) **Form of Issuance and Escrow.** For so long as the First Stock Price-Based Shares are not vested, the Company shall cause such certificate or certificates to be deposited in escrow if certificates are issued. If evidenced by book entry at the transfer agent the entry shall denote the shares are restricted as to transfer. The Participant shall deliver to the Company a duly-executed blank Stock Power (in the form attached hereto as Annex A).

Section 7. **Tax Withholding**. To the extent this Award results in compensation income to the Participant upon grant or vesting, the Participant must deliver to the Company at that time such amount of money as the Company may require to meet its tax withholding obligations under applicable laws or make such other arrangements to satisfy such withholding obligations as the Company, in its sole discretion, may approve; provided, however, that unless the Participant otherwise requests in writing or the Committee shall otherwise determine, the Company shall instead withhold or “net” from the Shares otherwise to be issued to the Participant the greatest number of whole shares having a Fair Market Value not in excess of the lesser of (i) the Company’s tax withholding obligations and (ii) the maximum amount that may be withheld from such payment without the Company having to apply liability accounting for financial accounting purposes.

Section 8. **Modification**. Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.

Section 9. **Golden Parachute Excise Tax**. Notwithstanding anything in this Agreement to the contrary, if the Participant is a “disqualified individual” (as defined in section 280G(c) of the Code), and the payments and benefits to be provided to the Participant under this Agreement, together with any other payments and benefits to which the Participant has the right to receive from the Company or any other person, would constitute a “parachute payment” (as defined in section 280G(b)(2) of the Code) (collectively, “**Participant’s Parachute Payment**”), then the Participant’s Parachute Payments (a) shall be reduced (but not below zero) so that the present value of such total amounts and benefits received by the Participant will be \$1.00 less than three times the Participant’s “base amount” (as defined in section 280G(b)(3) of the Code), so that no portion of the amounts to be received will be subject to the excise tax imposed by section 4999 of the Code or (b) shall be paid in full, whichever of (a) and (b) produces the better “net after-tax” benefit to the Participant (taking into account all applicable taxes, including any excise tax imposed under section 4999 of the Code). To the extent that the Participant is party to any arrangement with the Company that provides for the payment of cash severance benefits, the benefits payable thereunder shall be reduced (but not below zero) in accordance with the provisions of such arrangement prior to any reduction in the benefits payable hereunder. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith.

Section 10. **Restrictions on Transfer**. Neither this Award nor any First Stock Price-Based Shares covered hereby may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the First Stock Price-Based Shares as provided herein.

Section 11. **Award Subject to Plan**. This Award of First Stock Price-Based Shares is subject to the terms of the Plan, the terms and provisions of which are hereby incorporated by reference. Unless otherwise expressly provided herein, nothing in this Agreement shall be construed to limit any authority afforded to the Committee pursuant to the terms of the Plan. In the event of a conflict or ambiguity between any term or provision contained herein and a term or provision of the Plan, the Plan will govern and prevail.

Section 12. **No Right of Employment**. Nothing in this Agreement shall confer upon the Participant any right to continue as an employee of, or other service provider to, the Company or any of its subsidiaries, nor interfere in any way with the right of Company or any such subsidiary to terminate the Participant’s employment or other service at any time or to change the terms and conditions of such employment or other service.

Section 13. **No Guarantee of Tax Consequences.** None of the Board, the Committee, the Company or any affiliate of any of the foregoing makes any commitment or guarantee that any federal, state, local or other tax treatment will (or will not) apply or be available to the Participant (or to any person claiming through or on behalf of the Participant) and shall have no liability or responsibility with respect to taxes (and penalties and interest thereon) imposed on the Participant (or on any person claiming through or on behalf of the Participant) as a result of this Agreement.

Section 14. **Clawback.** Notwithstanding any other provisions in the Plan or this Agreement, any compensation payable pursuant to this Agreement that is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

Section 15. **Data Privacy.** The Participant expressly authorizes and consents to the collection, possession, use, retention and transfer of personal data of the Participant, whether in electronic or other form, by and among Company, its Affiliates, third-party administrator(s) and other possible recipients, in each case for the exclusive purpose of implementing, administering, facilitating and/or managing the Participant's Awards under, and participation in, the Plan. Such personal data may include, without limitation, the Participant's name, home address and telephone number, date of birth, Social Security Number, social insurance number or other identification number, salary, nationality, job title and other job-related information, tax information, the number of Company shares held or sold by the Participant, and the details of all Awards (including any information contained in this Award and all Award-related materials) granted to the Participant, whether exercised, unexercised, vested, unvested, cancelled or outstanding.

Section 16. **Entire Agreement.** This Agreement, the Plan and the Employment Agreement constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. To the extent the Participant is subject to the Severance Plan, the terms and conditions of this Agreement shall apply to any vesting of the First Stock Price-Based Shares in all circumstances.

Section 17. **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

Section 18. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 19. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 20. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the choice of law principles thereof.

By signing below, the Participant accepts this Award, and acknowledges and agrees that this Award of First Stock Price-Based Shares is granted under and governed by the terms and conditions of the Plan and this Agreement.

PARTICIPANT:

/s/ Gary S. Matthews

Gary S. Matthews

IES HOLDINGS, INC.

By: /s/ Gail D. Makode

Its: SVP & General Counsel

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

Stock Assignment Separate From Certificate

[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the shares are assigned.]

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____, _____ (_____) shares of the common stock of IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (“**Company**”), standing in his name on the books of the Company represented by Certificate No. _____ (or electronic equivalent) herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company with the power of attorney to transfer the said stock in the books of the Company with full power of substitution. This assignment may be executed by the Participant by means of electronic or digital signatures, which have the same force and effect as manual signatures.

Dated: _____

Signature of the Participant

Print Name

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this “**Agreement**”) is made and entered into as of March 4, 2019 (the “**Grant Date**”) by and between IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (the “**Company**”), and Gary S. Matthews (the “**Participant**”) pursuant to the terms and conditions of the Company’s Amended and Restated 2006 Equity Incentive Plan dated as of February 9, 2016 (the “**Plan**”), in respect of 160,000 Shares of Restricted Stock. All capitalized terms not defined herein without separate definition shall have the meaning set forth in the Plan.

Section 1. **Restricted Stock Award.** This Agreement governs an Award of performance-based Restricted Stock pursuant to the Plan (the “**Second Stock Price-Based Shares**”). Subject to the performance-based vesting requirement set forth in Section 2 (the “**Performance-Based Vesting Schedule**”) and service requirement set forth in Section 3, each Tranche (as defined in Section 2) shall vest on the date the Performance-Based Vesting Schedule is satisfied (each, a “**Vesting Date**”).

Section 2. **Performance Vesting Requirement.** The Performance-Based Vesting Schedule shall be satisfied for each “**Tranche**” set forth below, if at any time during the five (5) years following the Grant Date (the “**Performance Period**”), the closing price per Share of the Company’s common stock equals or exceeds the applicable “**Vesting Stock Price**,” as set forth below, for such Tranche for any twenty (20) trading days out of twenty-five (25) consecutive trading days during the Performance Period.

<u>Number of Second Stock Price-Based Shares</u>	<u>Percentage of Second Stock Price-Based Shares Granted</u>	<u>Vesting Stock Price</u>
40,000 (“ Tranche 1 ”)	25%	\$35
40,000 (“ Tranche 2 ”)	25%	\$40
40,000 (“ Tranche 3 ”)	25%	\$45
40,000 (“ Tranche 4 ”)	25%	\$50
Total: 160,000	100%	

Section 3. **Service Vesting Requirement.** Except as otherwise expressly specified below, the Participant shall vest in a Tranche of the Second Stock Price-Based Shares only if the Participant remains continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the Vesting Date for such Tranche. Except as otherwise expressly specified below, if either (a) the Participant does not remain continuously employed by the Company or any majority-owned subsidiary thereof from the Grant Date until the Vesting Date for the applicable Tranche or (b) the Performance-Based Vesting Schedule for the Tranche is not satisfied during the Performance Period, all of the Second Stock Price-Based Shares subject to that Tranche shall be immediately forfeited for no consideration and the Participant’s rights with respect thereto shall cease upon termination of the Participant’s employment.

Notwithstanding the foregoing, or anything in the Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended and Restated Executive Officer Severance Benefit Plan (the “**Severance Plan**”) or in any other benefit plan or agreement to the contrary, if the Participant’s employment is terminated on or before the third (3rd) anniversary of the Grant Date (i) due to the Participant’s death, (ii) due to the Participant’s Disability, (iii) by the Company without Cause, or (iv) by the Participant for Good Reason,

as of the Participant's date of termination, (A) the Participant shall forfeit a portion of the Second Stock Price-Based Shares in each unvested Tranche equal to the product of (x) a fraction with a numerator equal to the number of full years remaining until the third (3rd) anniversary of the Effective Date and a denominator equal to three (3) and (y) the number of Second Stock Price-Based Shares in such unvested Tranche and (B) any unvested Second Stock Price-Based Shares not forfeited pursuant to clause (A) shall become vested subject to satisfying the applicable Performance-Based Vesting Schedule for each Tranche; provided that, to the extent the Participant is subject to the Severance Plan, the Participant has executed and delivered an enforceable Release (as defined in the Severance Plan) provided for therein and such Release has become irrevocable. For the purposes of this Agreement, "Cause," "Good Reason" and "Disability" have the definition set forth in the employment agreement between the Company and the Participant in effect as of the Grant Date (the "**Employment Agreement**"). Furthermore, notwithstanding anything to the contrary herein or in the Severance Plan or in any other benefit plan or agreement, if the Participant's employment is terminated after the third (3rd) anniversary of the Grant Date (i) due to the Participant's death, (ii) due to the Participant's Disability, (iii) by the Company without Cause, or (iv) by the Participant for Good Reason, (A) the Participant shall forfeit no portion of the unvested Second Stock Price-Based Shares and (B) such unvested Second Stock Price-Based Shares shall become vested subject to satisfying the applicable Performance-Based Vesting Schedule for each Tranche; provided that, to the extent the Participant is subject to the Severance Plan, the Participant has executed and delivered an enforceable Release provided for therein and such Release has become irrevocable.

Section 4. **Effect of a Change in Control.** Notwithstanding the provisions of Sections 2 and 3 hereof, or anything in the Severance Plan or in any other benefit plan or agreement to the contrary, this Section 4 shall apply to determine the vesting of the unvested Second Stock Price-Based Shares upon the occurrence of a Change in Control prior to a Vesting Date.

If, immediately following the occurrence of the Change in Control, the value of the unvested Second Stock Price-Based Shares is determined by reference to a class of stock that is publicly traded on an established U.S. securities market (a "**Publicly Traded Stock**"), including by reason of an adjustment pursuant to Section 5 or the assumption of this Award by the corporation surviving any merger or other corporate transaction or the publicly traded parent corporation thereof (the "**Successor Corporation**"), the unvested Second Stock Price-Based Shares shall become vested subject only to satisfaction of the service condition specified in Section 3 and the Performance-Based Vesting Schedule, where the stock price requirement therein shall be adjusted, if necessary, by the Committee in accordance with the Plan. In such circumstance, the service condition and the Performance-Based Vesting Schedule will not be altered upon any termination of the Participant's employment (i) by the Company without Cause, (ii) by the Participant for Good Reason or (iii) due to the Participant's death or Disability, in any case occurring on or after such a Change in Control.

If, immediately following the occurrence of the Change in Control, the value of the Second Stock Price-Based Shares is not determined by reference to a Publicly Traded Stock, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume this Award, the unvested Second Stock Price-Based Shares shall be forfeited upon the occurrence of such Change in Control, unless the price of a Share of the Company's common stock in connection with and at the time of such Change in Control (the "**Deal Price**") equals or exceeds one or more of the Vesting Stock Prices set forth in Section 2 (in each case, without regard to the trading day requirement set forth in Section 2), in which case the applicable Tranche(s) of unvested Second Stock Price-Based Shares shall automatically vest in full upon the occurrence of such Change in Control as follows: (i) if the Deal Price equals or exceeds \$35 per share, Tranche 1 shall vest; (ii) if the Deal Price equals or exceeds \$40 per share, Tranches 1 and 2 shall vest; (iii) if the Deal Price equals or exceeds \$45 per share, Tranches 1, 2, and 3 shall vest; and (iv) if the Deal Price equals or exceeds \$50 per share, Tranches 1, 2, 3, and 4 shall vest.

For the purposes of this Agreement, "Change in Control" has the definition set forth in the Severance Plan.

Section 5. **Adjustments for Corporate Transactions.** In the event that there shall occur any Recapitalization the number of (and, if applicable, securities related to) the Second Stock Price-Based Shares be adjusted by the Committee in such manner as the Committee determines is necessary or appropriate to prevent any enhancement or diminution of the Participant's rights and opportunities hereunder. To the extent that the Second Stock Price-Based Shares awarded herein shall be deemed to relate to a different number of Shares or different securities as a result of any such adjustment, such additional number of shares or other securities shall be subject to the restrictions of the Plan and this Agreement and the vesting conditions specified herein.

Section 6. **Issuance of Restricted Shares.**

- (a) **Stock Certificates.** The Company either shall cause to be issued a certificate or certificates for the Second Stock Price-Based Shares, registered in the Participant's name, or cause a book entry to be made with the Company's transfer agent evidencing the Second Stock Price-Based Shares registered in the Participant's name. The Company shall appropriately legend any certificate related to the Second Stock Price-Based Shares to reference the restrictions thereon as set forth in this Agreement.
- (b) **Stockholder Rights.** The Participant shall have all the rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the Second Stock Price-Based Shares, subject, however, to the restrictions of this Agreement.
- (c) **Form of Issuance and Escrow.** For so long as the Second Stock Price-Based Shares are not vested, the Company shall cause such certificate or certificates to be deposited in escrow if certificates are issued. If evidenced by book entry at the transfer agent the entry shall denote the shares are restricted as to transfer. The Participant shall deliver to the Company a duly-executed blank Stock Power (in the form attached hereto as Annex A).

Section 7. **Tax Withholding.** To the extent this Award results in compensation income to the Participant upon grant or vesting, the Participant must deliver to the Company at that time such amount of money as the Company may require to meet its tax withholding obligations under applicable laws or make such other arrangements to satisfy such withholding obligations as the Company, in its sole discretion, may approve; provided, however, that unless the Participant otherwise requests in writing or the Committee shall otherwise determine, the Company shall instead withhold or "net" from the Shares otherwise to be issued to the Participant the greatest number of whole shares having a Fair Market Value not in excess of the lesser of (i) the Company's tax withholding obligations and (ii) the maximum amount that may be withheld from such payment without the Company having to apply liability accounting for financial accounting purposes.

Section 8. **Modification.** Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.

Section 9. **Golden Parachute Excise Tax.** Notwithstanding anything in this Agreement to the contrary, if the Participant is a "disqualified individual" (as defined in section 280G(c) of the Code), and the payments and benefits to be provided to the Participant under this Agreement, together with any other payments and benefits to which the Participant has the right to receive from the Company or any other

person, would constitute a “parachute payment” (as defined in section 280G(b)(2) of the Code) (collectively, “**Participant’s Parachute Payment**”), then the Participant’s Parachute Payments (a) shall be reduced (but not below zero) so that the present value of such total amounts and benefits received by the Participant will be \$1.00 less than three times the Participant’s “base amount” (as defined in section 280G(b)(3) of the Code), so that no portion of the amounts to be received will be subject to the excise tax imposed by section 4999 of the Code or (b) shall be paid in full, whichever of (a) and (b) produces the better “net after-tax” benefit to the Participant (taking into account all applicable taxes, including any excise tax imposed under section 4999 of the Code). To the extent that the Participant is party to any arrangement with the Company that provides for the payment of cash severance benefits, the benefits payable thereunder shall be reduced (but not below zero) in accordance with the provisions of such arrangement prior to any reduction in the benefits payable hereunder. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith.

Section 10. **Restrictions on Transfer**. Neither this Award nor any Second Stock Price-Based Shares covered hereby may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the Second Stock Price-Based Shares as provided herein.

Section 11. **Award Subject to Plan**. This Award of Second Stock Price-Based Shares is subject to the terms of the Plan, the terms and provisions of which are hereby incorporated by reference. Unless otherwise expressly provided herein, nothing in this Agreement shall be construed to limit any authority afforded to the Committee pursuant to the terms of the Plan. In the event of a conflict or ambiguity between any term or provision contained herein and a term or provision of the Plan, the Plan will govern and prevail.

Section 12. **No Right of Employment**. Nothing in this Agreement shall confer upon the Participant any right to continue as an employee of, or other service provider to, the Company or any of its subsidiaries, nor interfere in any way with the right of Company or any such subsidiary to terminate the Participant’s employment or other service at any time or to change the terms and conditions of such employment or other service.

Section 13. **No Guarantee of Tax Consequences**. None of the Board, the Committee, the Company or any affiliate of any of the foregoing makes any commitment or guarantee that any federal, state, local or other tax treatment will (or will not) apply or be available to the Participant (or to any person claiming through or on behalf of the Participant) and shall have no liability or responsibility with respect to taxes (and penalties and interest thereon) imposed on the Participant (or on any person claiming through or on behalf of the Participant) as a result of this Agreement.

Section 14. **Clawback**. Notwithstanding any other provisions in the Plan or this Agreement, any compensation payable pursuant to this Agreement that is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

Section 15. **Data Privacy**. The Participant expressly authorizes and consents to the collection, possession, use, retention and transfer of personal data of the Participant, whether in electronic or other form, by and among Company, its Affiliates, third-party administrator(s) and other possible recipients, in each case for the exclusive purpose of implementing, administering, facilitating and/or managing the Participant’s Awards under, and participation in, the Plan. Such personal data may include, without

limitation, the Participant's name, home address and telephone number, date of birth, Social Security Number, social insurance number or other identification number, salary, nationality, job title and other job-related information, tax information, the number of Company shares held or sold by the Participant, and the details of all Awards (including any information contained in this Award and all Award-related materials) granted to the Participant, whether exercised, unexercised, vested, unvested, cancelled or outstanding.

Section 16. **Entire Agreement.** This Agreement, the Plan and the Employment Agreement constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. To the extent the Participant is subject to the Severance Plan, the terms and conditions of this Agreement shall apply to any vesting of the Second Stock Price-Based Shares in all circumstances.

Section 17. **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

Section 18. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 19. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 20. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the choice of law principles thereof.

By signing below, the Participant accepts this Award, and acknowledges and agrees that this Award of Second Stock Price-Based Shares is granted under and governed by the terms and conditions of the Plan and this Agreement.

PARTICIPANT:

/s/ Gary S. Matthews

Gary S. Matthews

IES HOLDINGS, INC.

By: /s/ Gail D. Makode

Its: SVP & General Counsel

**AMENDED AND RESTATED 2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

Stock Assignment Separate From Certificate

[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the shares are assigned.]

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____, _____ (_____) shares of the common stock of IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.), a Delaware corporation (“**Company**”), standing in his name on the books of the Company represented by Certificate No. _____ (or electronic equivalent) herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company with the power of attorney to transfer the said stock in the books of the Company with full power of substitution. This assignment may be executed by the Participant by means of electronic or digital signatures, which have the same force and effect as manual signatures.

Dated: _____

Signature of the Participant

Print Name

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made as of February 28, 2019 by and between IES Holdings, Inc. a Delaware corporation (the “Company”), and Gary S. Matthews (the “Executive”).

WHEREAS, the parties hereto desire to enter into this Agreement, pursuant to which, among other matters, the Company will employ the Executive, subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. POSITION AND DUTIES.

During the Employment Term (as defined in Section 2 hereof), the Executive shall serve as the Chief Executive Officer of the Company. In this capacity, the Executive shall have the duties, authorities and responsibilities as shall be determined by the Company’s Board of Directors (the “Board”) from time to time, which shall include serving as the Principal Executive Officer of the Company for purposes of the Company’s filings with the U.S. Securities and Exchange Commission. To the extent the Board of Directors of the Company (the “Board”) nominates or appoints the Executive to serve as a director of the Company, which, subject to the exercise of the Board’s duties in connection therewith, the Board intends to do effective as of the Effective Date, the Executive agrees that he shall serve in such capacity.

During the Employment Term, the Executive shall devote all of the Executive’s business time, energy, business judgment, knowledge and skill and the Executive’s best efforts to the performance of the Executive’s duties with the Company, provided that the foregoing shall not prevent the Executive from (i) with the prior written approval of the Board, provided that such approval shall not be unreasonably withheld, serving on the boards of directors of other business organizations, (ii) participating in charitable, civic, educational, professional, community or industry affairs or serving on the boards of directors of charitable organizations, or (iii) managing the Executive’s passive personal investments, in each case so long as such activities in the aggregate do not interfere or conflict with the Executive’s duties hereunder or create a potential business or fiduciary conflict of interest that violates the Company’s code of conduct or other Company or, to the extent Executive serves as a director of the Company, Board policies in effect from time to time, including the Board’s Corporate Governance Practices.

2. EMPLOYMENT TERM. The Company agrees to employ the Executive pursuant to the terms of this Agreement, and the Executive agrees to be so employed, for a term commencing March 4, 2019 (the “Effective Date”) and ending September 30, 2022. Notwithstanding the foregoing, the Executive’s employment hereunder may be earlier terminated at any time and for any lawful reasons consistent with Section 6 hereof. The period of time between the Effective Date and the termination of the Executive’s employment hereunder shall be referred to herein as the “Employment Term.”

3. BASE SALARY. The Company agrees to pay the Executive a base salary at an annual rate of \$650,000 (pro-rated for any partial years of employment) (“Base Salary”), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive’s Base Salary shall be subject to annual review by the Board (or a committee thereof), and may be adjusted annually at the discretion of the Board (or a committee thereof). The base salary as determined herein and adjusted annually shall constitute the Base Salary for purposes of this Agreement.

4. PRINCIPAL WORK LOCATIONS. Executive shall provide services to the Company at its principal offices in Houston, Texas and Greenwich, Connecticut, as well as any other principal offices that the Company shall establish or acquire during the Employment Term. Executive shall also travel to the Company's branch locations as required.

5. EMPLOYEE BENEFITS.

A. SHORT-TERM INCENTIVE PLAN. The Executive shall be entitled to participate in the Company's annual short-term incentive plan ("STIP"), attached as Exhibit A hereto, for each fiscal year during the Employment Term. Consistent with the terms and conditions of the STIP, Executive shall be eligible for a total cash award (the "Cash Award"), a portion of which shall be based on actual Company performance relative to predetermined measures of Company financial performance (the "Company Measures") (the "Company Component") and a portion of which shall be based on actual Executive performance relative to predetermined individual performance objectives (the "Individual Objectives") (the "Individual Component").

Each year, the Company's Human Resources and Compensation Committee (the "Committee") shall designate certain items in connection with the STIP, including the following as they pertain to the Executive's Cash Award: (i) the Company Measures and the corresponding Company performance levels that constitute "target" performance ("Company Target Performance") and "threshold" performance ("Company Threshold Performance") for such measures to be used in determining the Company Component, (ii) the Individual Objectives and the corresponding Executive performance levels that constitute "target" performance ("Individual Target Performance") and "threshold" performance ("Individual Threshold Performance") for such objectives to be used in determining the Individual Component, and (iii) the relative weightings of the Company Component (the "Company Weighting") and the Individual Component (the "Individual Weighting").

The Company Measures, Company Target Performance, Company Threshold Performance, Individual Objectives, Individual Target Performance, Individual Threshold Performance, Company Weighting and Individual Weighting shall be communicated to Executive in writing within thirty (30) days of their designation by the Committee or the Board, but by no later than January 31 of each performance year (other than for Fiscal Year 1 (as defined below)).

For each fiscal year during the Employment Term, Executive's maximum Cash Award opportunity shall be equal to one hundred percent (100%) of Executive's Base Salary for such fiscal year, pro-rated for the number of full and partial months this Agreement is effective during such fiscal year (the "Target Cash Award").

For Executive's Cash Award during the first fiscal year in which this Agreement is effective ("Fiscal Year 1"), the Individual Weighting shall be one hundred percent (100%) and the Company Weighting shall be zero percent (0%) such that the Cash Award for Fiscal Year 1 hereunder shall be determined solely by Executive performance relative to Individual Objectives. The Individual Objectives for Fiscal Year 1 shall be designated by the Committee or the Board and communicated to Executive within thirty (30) days of the Effective Date. The Cash Award for Fiscal Year 1 shall be earned as follows:

1. In the event actual Executive performance equals or exceeds Individual Target Performance, Executive shall be entitled to a Cash Award of one hundred percent (100%) of the Target Cash Award;

2. In the event actual Executive performance equals Individual Threshold Performance, Executive shall be entitled to a Cash Award of fifty percent (50%) of the Target Cash Award;
3. In the event actual Executive performance exceeds Individual Threshold Performance but is less than Individual Target Performance, Executive shall be entitled to a Cash Award equal to the product of (i) the Target Cash Award and (ii) a percentage calculated as a linear interpolation between fifty percent (50%) and one hundred percent (100%), based on actual Executive performance relative to Individual Threshold Performance and Individual Target Performance; and
4. In the event actual Executive performance is less than Individual Threshold Performance, Executive shall not be entitled to any Cash Award.

In all fiscal years other than Fiscal Year 1 during the Employment Term, Executive's Cash Award shall be the sum of (i) the Company Component, based on actual Company performance compared to Company Target Performance and Company Threshold Performance, and (ii) the Individual Component, based on actual Executive performance compared to Individual Target Performance and Individual Threshold Performance.

1. The Company Component shall be earned as follows:
 - (a) In the event actual Company performance equals or exceeds Company Target Performance, the Company Component shall be the product of (i) the Target Cash Award and (ii) the Company Weighting;
 - (b) In the event actual Company performance equals Company Threshold Performance, the Company Component shall be the product of (i) fifty percent (50%) of the Target Cash Award and (ii) the Company Weighting;
 - (c) In the event actual Company performance exceeds Company Threshold Performance but is less than Company Target Performance, the Company Component shall be the product of (i) the Target Cash Award, (ii) a percentage calculated as a linear interpolation between fifty percent (50%) and one hundred percent (100%), based on actual Company performance relative to Company Threshold Performance and Company Target Performance, and (iii) the Company Weighting; and
 - (d) In the event actual Company performance is less than Company Threshold Performance, the Company Component shall be zero. provided that, if actual Individual performance is less than Individual Threshold Performance, then the Company Component shall be zero regardless of the actual Company performance achieved under 1(a), 1(b) or 1(c) above.
2. The Individual Component shall be earned as follows:
 - (a) In the event actual Executive performance equals or exceeds Individual Target Performance, the Individual Component shall be the product of (i) the Target Cash Award and (ii) the Individual Weighting;

- (b) In the event actual Executive performance equals Individual Threshold Performance, the Individual Component shall be the product of (i) fifty percent (50%) of the Target Cash Award and (ii) the Individual Weighting;
- (c) In the event actual Executive performance exceeds Individual Threshold Performance but is less than Individual Target Performance, the Individual Component shall be the product of (i) the Target Cash Award, (ii) a percentage calculated as a linear interpolation between fifty percent (50%) and one hundred percent (100%), based on actual Executive performance relative to Individual Threshold Performance and Individual Target Performance, and (iii) the Individual Weighting; and
- (d) In the event actual Individual performance is less than Individual Threshold Performance, the Individual Component shall be zero.

The Executive's participation will be subject to the terms of the applicable STIP plan document, a copy of which is attached hereto as Exhibit A.

B. LONG-TERM INCENTIVE PLAN. During the Employment Term, the Executive shall be entitled to participate in the Company's LTIP Annual Grant Program ("LTIP"), subject to the terms and conditions of the Company's Amended and Restated 2006 Equity Incentive Plan (the "Plan"), for each fiscal year during the Employment Term. Consistent with the terms and conditions of the Plan and the LTIP, Executive shall be eligible for an annual grant of restricted stock, with vesting based on actual Company performance relative to predetermined cumulative measures of Company financial performance (the "Company LTI Measures") during the three (3) fiscal year period commencing with the year of grant (the "Performance Period").

Each year, the Committee or Board shall designate certain items in connection with the LTIP, including the following as they pertain to the Executive's LTIP restricted stock grant: the Company LTI Measures and the corresponding Company cumulative performance levels for the Performance Period that constitute "target" performance ("LTI Target Performance") and "threshold" performance ("LTI Threshold Performance") for such measures. The Company LTI Measures, LTI Target Performance and LTI Threshold Performance shall be communicated to Executive in writing within thirty (30) days of their designation by the Committee or the Board in the form of an award agreement, but by no later than January 31 immediately following the commencement of each Performance Period.

Executive's LTIP restricted stock grant for any fiscal year shall equal the number of shares of common stock calculated by dividing (i) Executive's Base Salary for such fiscal year (pro-rated for the number of full and partial months this Agreement is effective during such fiscal year; provided that for Fiscal Year 1 the pro-rating percentage shall equal 66 2/3%) by (ii) the average closing price per share of the Company's common stock for the five (5) trading days immediately preceding the grant date ("Target Stock Grant"). Vesting of Executive's LTIP restricted stock grant for any fiscal year shall be based on actual Company cumulative financial performance for the Performance Period compared to LTI Target Performance and LTI Threshold Performance for the Performance Period. Executive's LTIP restricted stock grants shall vest as follows:

1. In the event actual Company performance equals or exceeds LTI Target Performance, the Target Stock Grant shall vest in full;

2. In the event actual Company performance equals LTI Threshold Performance, fifty percent (50%) of the Target Stock Grant shall vest;
3. In the event actual Company performance exceeds LTI Threshold Performance but is less than LTI Target Performance, a portion of the Target Stock Grant shall vest, calculated as the product of (a) the Target Stock Grant and (b) a percentage calculated as a linear interpolation between fifty percent (50%) and one hundred percent (100%), based on actual Company performance relative to LTI Threshold Performance and LTI Target Performance; and
4. In the event actual Company performance is less than LTI Threshold Performance, none of the Target Stock Grant shall vest.

The Executive's participation will be subject to the terms of the Plan, a copy of which is attached hereto as Exhibit B, and the LTIP, a copy of which is attached hereto as Exhibit C. The first grant under the LTIP will be evidenced by an award agreement, in substantially the form attached hereto as Exhibit D.

C. EFFECTIVE DATE EQUITY INCENTIVE AWARD.

On the Effective Date, Executive shall be granted an equity incentive award of 260,000 restricted shares of the Company's common stock, subject to the terms and conditions of the Plan. The shares granted under this Section shall vest as described in the following paragraphs:

1. Time-Based Award: 80,000 shares shall vest over a four (4) year period based on continued employment with the Company, with 20,000 shares vesting on each of the first, second, third and fourth anniversaries of the Effective Date (the "Time-Based Award" and such shares, the "Time-Based Shares"), evidenced by an award agreement, in substantially the form attached hereto as Exhibit E. Notwithstanding anything in the Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended And Restated Executive Officer Severance Benefit Plan dated as of January 12, 2016 ("Severance Plan") or in any other benefit plan or agreement to the contrary, if Executive's employment is terminated by the Company without Cause, by Executive for Good Reason, or due to Executive's death or Disability ("Cause," "Good Reason" and "Disability" are as defined in Section 14 of the Severance Plan), the unvested Time-Based Shares shall automatically vest in full as of the Executive's date of termination.

If, immediately following the occurrence of a Change in Control (as defined in Section 4.03 of the Severance Plan), the value of the unvested Time-Based Shares is determined by reference to a class of stock that is publicly traded on an established U.S. securities market (a "Publicly Traded Stock"), including by reason of an adjustment due to recapitalization or the assumption of the Time-Based Award by the corporation surviving any merger or other corporate transaction or the publicly traded parent corporation thereof (the "Successor Corporation"), the unvested Time-Based Shares shall become vested subject only to satisfying the relevant service condition described in this Section 5(C)(1). In such circumstance, the service condition will be deemed satisfied in full upon any termination of Executive's employment (i) by the Company without Cause, (ii) by Executive for Good Reason, or (iii) due to Executive's death or Disability, in any case occurring on or after such a Change in Control.

If, immediately following the occurrence of the Change in Control, the value of the unvested Time-Based Shares is not determined by reference to a Publicly Traded Stock, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume the Time-Based Award, the unvested Time-Based Shares shall vest in full upon the occurrence of such Change in Control.

Upon any termination of Executive's employment at any time for any reason other than by the Company without Cause, by Executive for Good Reason or due to Executive's death or Disability, any unvested Time-Based Shares shall be forfeited.

2. First Stock Price-Based Award: 20,000 shares shall vest when the closing price per share of Company's common stock equals or exceeds \$35 per share for any twenty (20) trading days out of twenty-five (25) consecutive trading days at any time during the five (5) years following the Effective Date, provided that Executive remains employed by the Company on the second anniversary of the Effective Date (the "First Stock Price-Based Award" and such shares, the "First Stock Price-Based Shares"). The First Stock Price-Based Award shall be evidenced by an award agreement, in substantially the form attached hereto as Exhibit F. Notwithstanding anything in the Severance Plan or in any other benefit plan or agreement to the contrary, if Executive's employment is terminated (i) by the Company without Cause, (ii) by Executive for Good Reason, or (iii) due to Executive's death or Disability, the unvested First Stock Price-Based Shares shall automatically vest in full as of the Executive's date of termination, without regard to the \$35 per share stock price requirement.

If, immediately following the occurrence of a Change in Control, the value of the unvested First Stock Price-Based Shares is determined by reference to a Publicly Traded Stock, including by reason of an adjustment due to recapitalization or the assumption of the First Stock Price-Based Award by the Successor Corporation, the unvested First Stock Price-Based Shares shall become vested subject to satisfying both the service condition and the stock price requirement described in this Section 5(C)(2), where the stock price requirement shall be adjusted, if necessary, by the Committee in accordance with the Plan. In such circumstance, such service condition and such stock price requirement, as adjusted, will be deemed satisfied in full upon any termination of Executive's employment (i) by the Company without Cause, (ii) by Executive for Good Reason, or (iii) due to Executive's death or Disability, in any case occurring on or after such a Change in Control.

If, immediately following the occurrence of the Change in Control, the value of the unvested First Stock Price-Based Shares is not determined by reference to a Publicly Traded Stock, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume the First Stock Price-Based Award, the unvested First Stock Price-Based Shares shall automatically vest in full upon the occurrence of such Change in Control, without regard to the \$35 per share stock price requirement.

Upon any termination of Executive's employment at any time for any reason other than by the Company without Cause, by Executive for Good Reason or due to Executive's death or Disability, any unvested First Stock Price-Based Shares shall be forfeited.

3. Second Stock Price-Based Award: 160,000 shares, divided into four (4) tranches of 40,000 shares each (the "Second Stock Price-Based Award" and such shares, the "Second Stock Price-Based Shares") shall vest based on the terms below and shall be evidenced by an award agreement, in substantially the form attached hereto as Exhibit G. The Second Stock Price-Based Shares in each tranche shall vest when the closing price per

share of Company's common stock equals or exceeds the price specified below for such tranche for any twenty (20) trading days out of twenty-five (25) consecutive trading days (the "Vesting Stock Price") at any time during the five (5) years following the Effective Date:

- Tranche 1: 40,000 shares with a Vesting Stock Price of \$35 per share;
- Tranche 2: 40,000 shares with a Vesting Stock Price of \$40 per share;
- Tranche 3: 40,000 shares with a Vesting Stock Price of \$45 per share;
- Tranche 4: 40,000 shares with a Vesting Stock Price of \$50 per share.

Notwithstanding anything in the Severance Plan or in any other benefit plan or agreement to the contrary, if Executive's employment with the Company is terminated before the third anniversary of the Effective Date by the Company without Cause, by Executive for Good Reason or due to Executive's death or Disability, (i) Executive shall forfeit a portion of the Second Stock Price-Based Shares in each unvested tranche equal to the product of (x) a fraction with a numerator equal to the number of full years remaining until the third anniversary of the Effective Date and a denominator equal to three (3) and (y) the number of shares in such unvested tranche and (ii) any unvested Second Stock Price-Based Shares not forfeited pursuant to clause (i) shall become vested subject to satisfying the relevant stock price requirement for such tranche described in this Section 5(C)(3).

If, immediately following the occurrence of a Change in Control, the value of the unvested Second Stock Price-Based Shares is determined by reference to a Publicly Traded Stock, including by reason of an adjustment due to recapitalization or the assumption of the Second Stock Price-Based Award by the Successor Corporation, the unvested Second Stock Price-Based Shares shall become vested subject to satisfying both the service condition and the relevant stock price requirement for such tranche described in this Section 5(C)(3), where the stock price requirement shall be adjusted by the Committee in accordance with the Plan. In such circumstance, the vesting requirements for unvested Second Stock Price-Based Shares described in the previous sentence are not altered in any way by a termination of Executive's employment occurring on or after such Change in Control (i) by the Company without Cause, (ii) by Executive for Good Reason, or (iii) due to Executive's death or Disability.

If, immediately following the occurrence of the Change in Control, the value of the unvested Second Stock Price-Based Shares is not determined by reference to a Publicly Traded Stock, whether because the Successor Corporation does not have Publicly Traded Stock or determines not to assume the Second Stock Price-Based Award, the unvested Second Stock Price-Based Shares shall be forfeited upon the occurrence of such Change in Control, unless the price of a share of the Company's common stock in connection with and at the time of such Change in Control (the "Deal Price") equals or exceeds one or more of the Vesting Stock Prices set forth in the first paragraph of this Section 5(C)(3) (in each case, without regard to the trading day requirement set forth in such paragraph), in which case the applicable tranche(s) of unvested Second Stock Price-Based Shares shall automatically vest in full upon the occurrence of such Change in Control as follows: (i) if the Deal Price equals or exceeds \$35 per share, Tranche 1 shall vest; (ii) if the Deal Price equals or exceeds \$40 per share, Tranches 1 and 2 shall vest; (iii) if the Deal Price equals or exceeds \$45 per share, Tranches 1, 2, and 3 shall vest; and (iv) if the Deal Price equals or exceeds \$50 per share, Tranches 1, 2, 3, and 4 shall vest.

Upon any termination of Executive's employment at any time for any reason other than by the Company without Cause, by Executive for Good Reason or due to Executive's death or Disability, any unvested Second Stock Price-Based Shares shall be forfeited.

D. BUSINESS EXPENSES. Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policy for all reasonable out-of-pocket business expenses incurred and paid by the Executive during the Employment Term and in connection with the performance of the Executive's duties hereunder.

E. PAID TIME OFF. Executive shall also be eligible for paid-time-off in accordance with the Company's policies applicable to its senior executives, as in effect from time to time.

F. MEDICAL BENEFITS. Executive shall be eligible to participate in such health, welfare, retirement and other benefit and perquisite programs as the Company may make available generally to its senior executive team from time to time, on the terms and conditions set forth in the applicable plans or programs.

6. TERMINATION. Except as otherwise expressly specified herein, in the event Executive's employment is terminated prior to the expiration of the Employment Term, Executive's termination shall be governed by the Severance Plan attached hereto as Exhibit H, and any benefits due upon such termination shall be limited to those provided therein, except in respect of the vesting of any LTIP restricted stock award, Time-Based Shares, First Stock Price-Based Shares or Second Stock Price-Based Shares hereunder, where the vesting provisions of the respective equity award agreement shall supersede the vesting provisions of the Severance Plan in the event of a termination of Executive's employment. In addition, in the event of any termination of Executive's employment, Executive shall be bound by the Non-Competition and Non-Solicitation obligations contained in Section 9 of the Severance Plan, provided that if the Executive is terminated for Cause, Executive shall be subject to the Non-Competition and Non-Solicitation obligations contained therein to the same extent as though Executive had resigned his employment without Good Reason, provided further, that if the Executive is terminated for Cause or resigns his employment without Good Reason, the Restricted Period (as defined in Section 14 of the Severance Plan) for purposes of such Non-Competition and Non-Solicitation obligations shall be two years. Notwithstanding anything to the contrary in the Severance Plan, the Company shall not change the benefits applicable to the Executive under the terms of the Severance Plan, as attached hereto as Exhibit H, in any way that is adverse to the Executive without the Executive's prior written consent.

The payment of any benefits as the result of a termination entitling Executive to benefits under the Severance Plan or this Agreement (including the vesting of any Time-Based Shares, First Stock Price-Based Shares or Second Stock Price-Based Shares) shall be contingent on Executive executing and delivering an enforceable Release as described in Section 3.02 of the Severance Plan and defined in Section 14 of the Severance Plan and complying with the obligations contained in Section 9 of the Severance Plan.

7. REPRESENTATIONS. The Executive understands and acknowledges that the Company (a) respects the confidential and proprietary information, and trade secrets, of other persons and entities and (b) does not want, and will not willingly use, confidential or proprietary information, and/or trade secrets that are the property of a third party. Accordingly, the Executive will not (i) disclose to the Company any confidential, proprietary or trade secret information of other entities, (ii) bring or provide to

the Company copies of any documents, electronic media or tangible things that contain or refer to confidential, proprietary or trade secret information that is the property of any other party that is now or hereafter in the Executive's possession. The Executive's acknowledgement of the Company's respect for third party confidential information includes, but is not limited to, the following representations: the Executive has not provided and will not provide any information to the Company that belonged to any prior employer, regardless of whether such information was (A) in the Executive's possession as a hard copy document or on a computer, smart phone, PDA or cell phone or on an external hard drive, thumb drive, or any other piece of external media that permits the storage of electronic or (B) in the Executive's mind prior to his employment with the Company.

8. CONFIDENTIALITY. During the course of the Executive's employment and/or service with the Company, the Executive will have access to Confidential Information. For purposes of this Agreement, "Confidential Information" means all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, plans, patterns, models, plans and strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's assigned duties and for the benefit of the Company, either during the period of the Executive's employment or at any time thereafter, any Confidential Information or other confidential or proprietary information received from third parties subject to a duty on the part of the Company to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by the Executive during the Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information).

Notwithstanding the foregoing, the confidentiality provisions of this Agreement will not be breached in the event the Executive discloses Company information to the U.S. Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or where the Executive's disclosure of Company information is protected under the whistleblower provisions of any applicable law or regulation. The Executive is not required to inform the Company, in advance or otherwise, that such disclosure(s) has been made. If the Executive discloses Company information that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then the Executive will not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of the confidentiality provisions of this Agreement if the Executive's disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where the Executive's disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against the Company, and such filing is made under seal.

9. NONDISPARAGEMENT. The Executive agrees not to make negative comments about or otherwise disparage the Company or any of its respective affiliates or any of their officers, directors,

employees, shareholders, agents or products other than in the good faith performance of the Executive's duties hereunder or in truthful testimony given in response to a lawful subpoena or similar court or governmental order or in any report protected under the whistleblower provisions of any applicable law or regulation. The members of the Board and the officers of the Company agree not to make negative comments about or otherwise disparage the Executive other than in truthful testimony given in response to a lawful subpoena or similar court or governmental order.

10. INVENTIONS.

(i) The Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments or works of authorship, whether patentable or unpatentable, (A) that relate to the Executive's work with the Company, made or conceived by the Executive, solely or jointly with others, during or prior to the Employment Term, or (B) suggested by any work that the Executive performs in connection with the Company (clause (A) and (B) collectively, "Inventions"), either while performing the Executive's duties with the Company or on the Executive's own time, shall belong exclusively to the Company (or its designee), regardless of whether patent applications are filed thereon. The Executive will keep full and complete written records (the "Records"), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and the Executive will surrender them upon the termination of the Employment Term or upon the Company's request. The Executive hereby irrevocably conveys, transfers and assigns to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Term, together with the right to file, in the Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). The Executive will, at any time during and subsequent to the Employment Term, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be requested from time to time by the Company with respect to the Inventions at the Company's expense. The Executive will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company's benefit, all without additional compensation to the Executive from the Company, but entirely at the Company's expense. If the Company is unable for any other reason to secure the Executive's signature on any document for this purpose, then the Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Executive's agent and attorney in fact, to act for and on the Executive's behalf and in the Executive's stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(ii) Additionally, the Inventions will be deemed "Work for Hire," as such term is defined under the copyright laws of the United States, on behalf of the Company, and the Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, the Executive hereby irrevocably conveys, transfers and assigns to the Company all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, the Executive hereby waives any so-called "moral rights" with respect to the Inventions. To the extent that the Executive has

any rights in the results and proceeds of the Executive's service to the Company that cannot be assigned in the manner described herein, the Executive agrees to unconditionally waive the enforcement of such rights. The Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including, without limitation, any rights that would otherwise accrue to the Executive's benefit by virtue of the Executive being an employee of or other service provider to the Company.

(iii) The Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with, the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. The Executive represents and warrants that he does not possess or own any rights in or to any confidential, proprietary or non-public information or intellectual property related to the business of the Company or any of its affiliates. The Executive shall comply with all relevant policies and guidelines of the Company regarding the protection of confidential information and intellectual property and potential conflicts of interest; provided that such policies and guidelines are consistent with the terms of this Agreement. The Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that the Executive remains at all times bound by their most current version.

11. EQUITABLE RELIEF AND OTHER REMEDIES. The Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the Non-Competition and Non-Solicitation obligations referenced in Section 6 hereof or the provisions of Sections 7-10 hereof would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages or the posting of a bond or other security.

12. RETURN OF COMPANY PROPERTY. On the date of the Executive's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Executive shall return all property belonging to the Company (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company).

13. COOPERATION. Upon the receipt of reasonable notice from the Company (including outside counsel), the Executive agrees that while employed by the Company and thereafter, the Executive will respond and provide information, as promptly as reasonably practicable, with regard to matters in which the Executive has knowledge as a result of the Executive's employment with the Company, and will provide reasonable assistance to the Company and its respective representatives in defense of any claims that may be made against the Company, and will reasonably assist the Company in the prosecution of any claims that may be made by the Company, to the extent that such claims may relate to the period of the Executive's employment with the Company (collectively, the "Claims"). The Executive agrees to promptly inform the Company if the Executive becomes aware of any lawsuits involving Claims that may be filed or threatened against the Company. The Executive also agrees to promptly inform the Company (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company (or its actions) or another party attempts to obtain information or documents from the Executive (other than in connection with any litigation or other proceeding in which the Executive is a party-in-opposition) with respect to matters the Executive believes in good faith to relate to any investigation of the Company, in each case, regardless of whether a lawsuit or other proceeding has then been filed against the Company with respect to such investigation, and shall not do

so unless legally required. During the pendency of any litigation or other proceeding involving Claims, the Executive shall not communicate with anyone (other than the Executive's attorneys and tax and/or financial advisors and except to the extent that the Executive determines in good faith is necessary in connection with the performance of the Executive's duties hereunder) with respect to the facts or subject matter of any pending or potential litigation or regulatory or administrative proceeding involving the Company without giving prior written notice to the Company or the Company's counsel.

14. NO ASSIGNMENTS. This Agreement is personal to each of the parties hereto. Except as provided in this Section 14, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company, provided that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

15. NOTICE. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date of deposit, if delivered by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Gary S. Matthews
130 Lower Cross Road
Greenwich, CT 06831

If to the Company:

IES Holdings, Inc.
5433 Westheimer Road
Suite 500
Houston, TX 77056
United States
Attn: Board of Directors

with copies (which shall not constitute notice) to:

IES Holdings, Inc.
One Sound Shore Drive
Suite 304
Greenwich, CT 06830
United States
Attn: General Counsel
Email: gail.makode@ies-co.com

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

16. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Company, the terms of this Agreement shall govern and control.

17. SEVERABILITY. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

18. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto, any claims or disputes relating thereto, or any proceeding relating to the Executive's employment by the Company or any affiliate shall (a) be governed by and construed in accordance with the laws of the State of Texas without regard to its choice of law provisions).

20. ARBITRATION. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before one arbitrator in Houston, Texas (or such other location as the parties shall mutually agree upon). Said arbitration shall be administered through the American Arbitration Association ("AAA") in accordance with the applicable rules and regulations of AAA then in effect as long as AAA continues to maintain an office within Houston, Texas. If AAA does not maintain an office within Houston, Texas, at the time that arbitration under this Agreement is demanded, the arbitration under this Agreement shall be administered through JAMS in accordance with the labor arbitration rules of JAMS then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding the foregoing, however, should adequate grounds exist for seeking immediate injunctive or immediate equitable relief, any party may seek and obtain such relief from a court of competent jurisdiction; provided that, upon obtaining such relief, such injunctive or equitable action shall be stayed pending the resolution of the arbitration proceedings called for herein. Furthermore, the Executive consents and agrees that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Non-Competition and Non-Solicitation obligations referenced in Section 6 hereof or the provisions of Sections 7-10 hereof. The parties hereby consent to the exclusive jurisdiction in the state and federal courts of or in the State of Texas for purposes of seeking such injunctive or equitable relief as set forth above. In any dispute between the parties hereto concerning any provision of this Agreement or the rights and duties of any person or entity hereunder, the party prevailing in such dispute shall be entitled, in addition to such other relief as may be granted, to the reasonable attorneys' fees and court costs incurred by reason of such dispute to the extent permitted by applicable law.

21. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto, set forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between the Executive and the Company with respect to the subject matter hereof. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which is not expressly set forth in this Agreement.

22. REPRESENTATIONS. The Executive represents and warrants to the Company that (a) the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms, and (b) the Executive is not a party to any agreement or understanding, written or oral, and is not subject to any restriction, which, in either case, could prevent the Executive from entering into this Agreement or performing all of the Executive's duties and obligations hereunder.

23. TAX MATTERS.

(a) **WITHHOLDING.** The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(b) **SECTION 280G MATTERS.** The determination as to whether any reduction in the amount of the payments and benefits provided to Executive hereunder or pursuant to the Severance Plan is necessary, in accordance with Section 4.05 of the Severance Plan, shall be made applying principles, assumptions and procedures consistent with Internal Revenue Code Section 280G and the regulations and guidance promulgated thereunder (collectively, "Code Section 280G"), including considering any value attributable to restrictive covenants that is treated as reasonable compensation under Code Section 280G(b)(4), by an accounting firm or law firm of national reputation that is selected for this purpose by the Company (the "280G Firm"). Nothing in this Section 23(b) shall require the Company to be responsible for, or have any liability or obligation with respect to, the Executive's excise tax liabilities under Code Section 4999.

(c) **SECTION 409A COMPLIANCE.** The intent of the parties is that payments and benefits under this Agreement are either exempt from, or comply with, Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, to the maximum extent permitted, this Agreement shall be interpreted in accordance with this intent. The Company does not guarantee any particular tax consequences.

A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in this Agreement, if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six-month period measured from the date of such "separation from service" of the Executive, and (B) the date of the Executive's death, to the extent required under Code Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

To the extent that reimbursements or other in-kind benefits under this Agreement constitute “nonqualified deferred compensation” for purposes of Code Section 409A, (A) all such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (B) any right to such reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

For purposes of Code Section 409A, the Executive’s right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes “nonqualified deferred compensation” for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

24. INDEMNIFICATION; D&O INSURANCE. If, at any time during the Employment Term or thereafter, Executive is made or threatened to be made a party to or a participant in any actual, threatened, pending, or completed action, claim, or proceeding of any type, the Company shall indemnify, defend, and hold Executive harmless to the maximum extent authorized or permitted by Delaware law, and by its certificate of incorporation, by-laws, and all other organizational documents, as the foregoing may be amended from time to time to provide broader protection, and including, any and all expenses (including advancement and payment of attorneys’ fees) and losses arising out of or relating to any of Executive’s actual or alleged acts, omissions, negligence or active or passive wrongdoing, including, the advancement of expenses Executive incurs. In all events, without limiting the foregoing, the Company shall provide Executive with indemnification on terms no less favorable than provided to any other executive officer or director of the Company. Such indemnification shall continue even if Executive has ceased to be a director, officer, equityholder, or employee of the Company and its affiliates and shall inure to the benefit of Executive’s heirs, executors and administrators. In addition, during Executive’s employment with the Company and while potential liability exists (but in no event for a coverage period of less than six years thereafter, to the extent permitted by law), the Company or any successor to the Company shall purchase and maintain, at its own expense, directors’ and officers’ liability insurance providing coverage to Executive on terms that are no less favorable than the coverage provided to other directors and officers of Company. The provisions of this Section 24 shall survive the termination of this Agreement and Executive’s employment with the Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY:

IES HOLDINGS, INC.

By: /s/ Gail D. Makode

Name: Gail D. Makode

Title: SVP & General Counsel

EXECUTIVE:

/s/ Gary S. Matthews

GARY S. MATTHEWS

EXHIBIT A

Company STIP

[Filed Separately.]

EXHIBIT B

Amended and Restated Equity Incentive Plan

[Filed Separately.]

EXHIBIT C

LTIP Annual Grant Program

[Filed Separately.]

EXHIBIT D

LTIP Annual Grant Program Award Agreement

[Filed Separately.]

EXHIBIT E

Time-Based Award Agreement

[Filed Separately.]

EXHIBIT F

First Stock Price-Based Award Agreement

[Filed Separately.]

EXHIBIT G

Second Stock Price-Based Award Agreement

[Filed Separately.]

EXHIBIT H

Company Severance Plan

[Filed Separately.]

TRANSITION AGREEMENT AND RELEASE

This Transition Agreement and Release (“Agreement”) is entered into by and between IES Holdings, Inc., f/k/a Integrated Electrical Services, Inc. (the “Company”), and Robert W. Lewey (“Employee”), as follows:

1. Employee Transition.

(a) **Effective Transition Date.** The Company and Employee acknowledge and agree that Employee’s position as an officer and director of the Company and all of its subsidiaries, affiliates, joint ventures, partnerships or any other business enterprises, as well as any office or position as a fiduciary or with any trade group or other industry organization which he holds on behalf of the Company or its subsidiaries or affiliates, was automatically terminated effective at 5:00 pm on March 4, 2019 (the “Effective Transition Date”).

(b) **Employment by Corporate Division.** From the Effective Transition Date and until approximately April 30, 2019 (the “Corporate Termination Date”) (such period, the “Transition Period”), Employee shall remain employed by the Corporate Division of the Company in a non-officer role at the base salary in effect on the Effective Transition Date and reporting to the Company’s Chief Executive Officer. During the Transition Period, Employee will be entitled to participate in all employee benefits plans of the Corporate Division on the same terms as similarly situated employees of the Company, including for the avoidance of doubt, the Corporate Division’s health, welfare and retirement benefit plans available to all employees of the Corporate Division. During the Transition Period, (i) Employee shall have no authority to bind the Company or any of its officers or employees to any agreement or to make managerial decisions that are binding on the Company and (ii) Employee shall refrain from contacting Company employees, officers, directors, contractors, or customers, without prior authorization from an executive officer of the Company.

(c) **Employment by Residential Division.** Following the completion of the Transition Period, it is expected that Employee shall commence employment with Company’s Residential Division (the “Residential Division”) upon such terms and conditions as Employee and the Residential Division shall mutually agree.

2. Bonus Amounts. In consideration for Employee’s promises contained herein, and provided that Employee executes this Agreement and returns it to the Company prior to expiration of the twenty-one (21) day review period, by mutual agreement of the parties, and does not challenge or revoke any portion of this Agreement, including, the General Release of Claims in Section 3 or the ADEA Release in Section 4 (collectively, the “Releases”), Employee shall be entitled to receive the following (referred to collectively as the “Bonus Amounts”):

(a) **Bonus Pay.** Subject to lawful deduction, the gross sum of \$522,750, equal to twelve (12) months of Employee’s Base Pay as of the Effective Transition Date (“Bonus Pay”). Employee acknowledges and agrees that payment of the Bonus Pay shall be made semi-monthly, pursuant to the Company’s regular payroll practices, provided that the Company may elect, in its sole discretion, to pay such amount in the form of a lump sum payment in lieu of semi-monthly installments. For the avoidance of doubt, unless the Company notifies Employee prior to the Effective Transition

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

Date that it has elected to pay the Bonus Pay in the form of a lump sum payment at or around the Effective Transition Date, Company shall pay Employee 1/26th of his base pay two (2) times per month for the one-year period commencing on the first regular payroll date following the later of (a) the Corporate Termination Date and (b) the day the Releases become effective and non-revocable; specifically, on the eighth (8th) day following Employee's unrevoked execution of this Agreement (the "Release Effective Date").

(b) Annual Bonus. Subject to lawful deduction, the annual incentive compensation for the current fiscal year ("Annual Bonus"). Pursuant to the Company's Fiscal Year 2019 Annual Incentive Plan, as described in the Company's Proxy Statement filed on December 27, 2018 with the U.S. Securities and Exchange Commission, the amount of the Annual Bonus payable to Employee for the current year shall be determined by the Human Resources and Compensation Committee of the Company's Board of Directors (the "Compensation Committee"), based on the achievement of certain goals and objectives, after the close of the current fiscal year, which ends on September 30, 2019. The Company and Employee acknowledge and agree that the Annual Bonus shall be pro-rated based on the percentage of the current fiscal year that has elapsed through the Effective Transition Date, or approximately 42.47% based on 155 days elapsed out of 365 days. The Annual Bonus shall be paid to Employee at the same time and in the same manner as annual bonuses are paid to other similar executives of the Company. For avoidance of doubt, Employee shall be paid the Annual Bonus on or before December 31, 2019. Employee acknowledges and agrees that no amount is owed to him for any Annual Bonus for FY 2018 or any other prior fiscal year of the Company.

(c) Incentive/Equity Awards. A pro-rated amount of outstanding unvested Phantom Stock Units ("PSUs") awarded pursuant to that certain Phantom Stock Unit Award Agreement, dated February 6, 2019, between Employee and the Company ("PSU Agreement") shall vest in accordance with this Section 2(c). The 69,444 PSUs granted pursuant to the PSU Agreement are comprised of 17,361 Time-Vesting Phantom Stock Units and 52,083 Performance-Based Phantom Stock Units. Any capitalized term in this Section 2(c) not otherwise defined herein shall have the meaning set forth in the PSU Agreement. The Company and Employee agree and acknowledge that the PSUs that shall vest under the PSU Agreement shall be calculated as follows:

(i) Of the Time-Vesting Phantom Stock Units, 1,843.12 Tranche 1 Time-Vesting Phantom Stock Units, 920.30 Tranche 2 Time-Vesting Phantom Stock Units, and 1,227.63 Tranche 3 Time-Vesting Phantom Stock Units shall vest, if at all, on the Release Effective Date. The applicable prorated vested percentage for the Time-Vesting Phantom Stock Units shall be approximately 42.47%, 21.20%, and 14.14% for the Tranche 1 Time-Vesting Phantom Stock Units, Tranche 2 Time-Vesting Phantom Stock Units, and Tranche 3 Time-Vesting Phantom Stock Units, respectively, based on the number of days that have elapsed of the applicable service period set forth in the PSU Agreement from and including October 1, 2018 through the Effective Transition Date, or 155 days out of 365 days, 731 days and 1,096 days, respectively.

(ii) None of the Tranche 2 Performance-Based Phantom Stock Units or Tranche 3 Performance-Based Phantom Stock Units shall vest. The Tranche 1 Performance-Based Phantom Stock Units that shall vest shall equal the number of Target Tranche 1 Performance-Based Phantom Stock Units, or 13,020.75, multiplied by (a) a fraction (x) the numerator of which is 155, which is the number of days that have elapsed

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from and including October 1, 2018 through the Effective Transition Date and (y) the denominator of which is 365 (which is equal to approximately 42.47%) and (b) the Vesting Percentage, if any. For the avoidance of doubt, based on the foregoing, a Vesting Percentage of a maximum of one hundred and twenty percent (120%) and a minimum of zero percent (0%) shall be multiplied by 5,529.36 Target Tranche 1 Performance-Based Phantom Stock Units to determine the number of Tranche 1 Performance-Based Phantom Stock Units that shall vest, if at all, on the Tranche 1 Scheduled Vesting Date, with the Vesting Percentage determined by reference to Cumulative Income earned by the Company during the Company's 2019 fiscal year, as determined by the Compensation Committee.

(d) COBRA. On the Release Effective Date, Employee shall receive a lump sum cash amount equal to (a) 100% of the applicable monthly COBRA premium under the Company's group health plan for coverage, multiplied by (b) (12). For purposes of this Agreement, "COBRA" means Section 4980B of the Code.

(e) Outplacement. Upon Employee's termination of employment with the Company and any entity, directly or indirectly, controlled by, controlling or under common control with the Company (an "Affiliate") for any reason other than for Cause or due to Employee's death, Employee shall be entitled to receive a reimbursement not to exceed \$20,000 for outplacement services for a period of twelve (12) months following such termination. Employee agrees to contact Sarah Kerrigan at sarah.kerrigan@ies-co.com, with a copy to Gail Makode at gail.makode@ies-co.com, or any successor to such person, to coordinate his participation in this outplacement service benefit, if any. For the purposes of this Agreement, "Cause" means (i) Employee's gross negligence in the performance or intentional nonperformance of any of Employee's material duties and responsibilities to the Company or an Affiliate; (ii) Employee's dishonesty, theft, embezzlement or fraud with respect to the business, property, reputation or affairs of the Company or an Affiliate; (iii) Employee's conviction of, or a plea of other than not guilty to, a felony or a misdemeanor involving moral turpitude; (iv) Employee's confirmed drug or alcohol abuse that materially affects Employee's service or violates the Company's or an Affiliate's drug or alcohol abuse policy; (v) Employee's violation of a material Company or an Affiliate's personnel or similar policy, such policy having been made available to Employee by the Company or an Affiliate; or (vi) Employee's having committed any material violation of any federal or state law regulating securities (without having relied on the advice of the Company's attorney) or having been the subject of any final order, judicial or administrative, obtained or issued by the Securities and Exchange Commission, for any securities violation involving fraud, including, without limitation, any such order consented to by Employee in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied.

Employee acknowledges and agrees that notwithstanding anything to the contrary in any other agreement, Employee is not entitled to any amounts as of the date hereof other than the Bonus Amounts detailed above, any accrued, but unpaid base salary and the reimbursement of any unreimbursed business expenses. Employee acknowledges and agrees that he has zero (0) days of accrued, but untaken vacation time or paid-time off. Employee further acknowledges and agrees he shall submit for reimbursement any unreimbursed, reasonable business expenses relating to his employment with the Company with appropriate supporting documentation to the Company in accordance with Company policy, but in no event, later than by May 7, 2019. Employee specifically acknowledges that from and following the Effective Transition Date, Employee is no longer eligible to participate in the Amended and Restated Executive Officer

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

Severance Benefit Plan, as amended (the "Severance Plan"), which is attached hereto as Exhibit A, and will no longer continue to vest in any incentive compensation awards, including, but not limited to, the Annual Bonus and the PSUs.

3. General Release of Claims. In exchange for the Company's promises and covenants contained herein, as well as Employee's receipt of the Bonus Amounts, and subject to the provisions contained within this Agreement, Employee promises and agrees to release, hold harmless, and forever discharge the Company, as well as its respective current and former officers, directors, attorneys, agents, employees, predecessors, successors, affiliates, and assigns, in their individual or business capacities (otherwise referenced, collectively, as "the Released Parties" in this Agreement), jointly and severally, from any personal injuries, claims, damages, fees, costs, or other equitable, statutory, or common law relief for any causes of action, obligations, contracts, torts, claims, demands, or suits, of whatever character, known or unknown, fixed or contingent, liquidated or unliquidated, whether asserted or unasserted, through the date this Agreement is executed, including, but not limited to, any such liabilities, claims, actions, demands, and/or causes of action arising out of or in any way relating to his employment, the Severance Plan, the Amended and Restated 2006 Equity Incentive Plan, the PSU Agreement and any other equity incentive award, with the Company and/or any of the Released Parties, including the tax consequences thereof, and any other actions or inactions of the Company and/or any of the Released Parties through the date this Agreement is executed. Employee's release of claims shall apply specifically, but not be limited to, claims under the Civil Rights Act of 1964, the Civil Rights Act of 1866, the Americans With Disabilities Act, the Texas Labor Code, the Texas Commission on Human Rights Act, the Fair Labor Standards Act, the Family and Medical Leave Act, Title VII, the Employee Retirement Income Security Act, and any other federal, state, or local statute(s) or other law(s) prohibiting discrimination or harassment in employment or granting rights to an employee arising out of an employment relationship, as well as any claims for wages, employee benefits, vacation pay, severance pay, health or welfare benefits, bonus compensation, or other remuneration, damages, fees, costs or other relief for any obligations, contracts, claims for defamation, invasion of privacy, intentional or negligent infliction of emotional distress, negligence, gross negligence, estoppel, misrepresentation, express or implied duties of good faith and fair dealing, refusal to perform an illegal act, wrongful discharge, and/or torts for any and all alleged acts, omissions, or events through the date this Agreement is executed by Employee. This General Release of Claims does not include a release of claims under the Age Discrimination in Employment Act or the Older Workers' Benefit Protection Act, and nothing herein is intended to or shall be construed to release any vested benefits Employee may have earned or accrued as a result of his employment with the Company. Employee further waives and releases the Company and the Released Parties from any claims that this Agreement was procured by fraud or signed under duress or coercion so as to make the releases in this Agreement not binding.

4. ADEA Release. Employee hereby fully, finally, and completely releases the Company and the Released Parties of and from any and all claims, charges, or causes of action arising on or before the date this Agreement is executed under the Age Discrimination in Employment Act and the Older Workers' Benefit Protection Act, 42 U.S.C. §§ 1981, 1983, 1985 ("ADEA"), which prohibit age discrimination in employment (the "ADEA Release"), and hereby acknowledges and agrees that:

- (a) this Agreement, which includes the ADEA Release, was negotiated at arms-length;

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

- (b) this Agreement, which includes the ADEA Release, is worded in a manner that Employee fully understands;
- (c) Employee specifically waives any rights or claims under the ADEA;
- (d) Employee knowingly and voluntarily agrees to all of the terms set forth in this Agreement, which includes the ADEA Release;
- (e) Employee acknowledges and understands that any claims under the ADEA that may arise after the Effective Transition Date are not waived;
- (f) the rights and claims waived in this Agreement, which includes the ADEA Release, are in exchange for consideration over and above anything to which Employee was already undisputedly entitled;
- (g) Employee has been and hereby is advised in writing to consult with an attorney prior to executing this Agreement, including the ADEA Release;
- (h) Employee understands that he has been given a period of at least twenty-one (21) calendar days to consider the ADEA Release prior to executing it; and
- (i) Employee understands that he has been given a period of seven (7) days from the date of the execution of the ADEA Release to revoke the ADEA Release, and understands and acknowledges that the ADEA Release will not become effective or enforceable until the revocation period has expired.

If Employee elects to revoke this release of age discrimination claims, revocation must be in writing and presented to Gail Makode at gail.makode@ies-co.com, with a copy to Sarah Kerrigan at sarah.kerrigan@ies-co.com within seven (7) days from the date of his execution of this Agreement that contains the ADEA Release. Employee further agrees that only material changes in the terms of this Agreement shall affect or restart the above-referenced 21-day consideration period.

Employee understands that nothing in this Agreement is intended to interfere with or deter Employee's right to challenge the waiver of a claim under the ADEA or state law age discrimination claim or the filing of an ADEA charge or ADEA complaint or state law age discrimination complaint or charge with the EEOC or any state discrimination agency or commission or to participate in any investigation or proceeding conducted by those agencies. Further, Employee understands that nothing in this Agreement would require Employee to tender back the money received under this Agreement if Employee seeks to challenge the validity of the ADEA or state law age discrimination waiver, nor does Employee agree to ratify any ADEA or state law age discrimination waiver that fails to comply with the Older Workers' Benefit Protection Act by retaining the money received under this Agreement. Further, nothing in this Agreement is intended to require the payment of damages, attorneys' fees, or costs to the Company should Employee challenge the waiver of an ADEA or state law age discrimination claim or file an ADEA or state law age discrimination suit except as authorized by federal or state law.

5. Rights not Waived. Employee represents that he has not filed any charges, complaints, or other proceedings against the Company or any of the Released Parties that are presently pending with any federal, state, or local court or administrative or governmental agency. Notwithstanding this release

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

of liability, this Agreement does not waive, release or discharge: (i) any right to file an administrative charge or complaint with, or testify, assist or participate in an investigation, hearing, or proceeding conducted by the Equal Employment Opportunity Commission (“EEOC”), National Labor Relations Board (“NLRB”), the Texas Workforce Commission or comparable state or local agency; however, Employee understands and agrees that Employee is waiving any and all rights to recover any monetary or personal relief or recovery as a result of such filed charge or administrative complaint; (ii) claims that cannot be waived by law, such as claims for unemployment benefit rights and workers’ compensation; (iii) claims for indemnity under any indemnification agreement with the Company or under its organizational documents, as provided by applicable state law or under any applicable insurance policy with respect to Employee’s liability as an employee, director or officer of the Company or its affiliates; (iv) claims Employee may have as an employee participating in the Company’s qualified retirement plan; and (v) Employee’s right to receive award or monetary recovery pursuant to the Securities and Exchange Commission’s whistleblower program. Employee does not need prior authorization to make such reports or disclosures and is not required to notify the Company that he has made any such report or disclosure.

6. Acknowledgements and Obligations of Employee.

(a) Employee represents and warrants that, with respect to the Company’s equity securities, any and all transactions reportable under Section 16 of the Securities Exchange Act of 1934, as amended, that occurred on or prior to the Effective Transition Date have been timely and properly reported by Employee to the Company in accordance with the Company’s policies and procedures.

(b) Employee agrees to reasonably cooperate with the Company and use Employee’s best efforts in responding to all reasonable requests by the Company for assistance and advice relating to matters and procedures in which Employee was involved. Employee also covenants to cooperate in defending or prosecuting any claim or other action which arises, whether civil, criminal, administrative or investigative, in which Employee participation is required in the best judgment of the Company by reason of Employee’s former employment with the Company. Upon the Company’s request, Employee will use Employee’s best efforts to attend hearings and trials, to assist in effectuating settlements, and to assist in the procuring of witnesses, producing evidence, and in the defense or prosecution of said claims or other actions. The Company agrees to pay or reimburse Employee for his reasonable and necessary travel and other direct expenses incurred to comply with Employee’s obligations under this Section.

7. Return of Company Property and Proprietary Information. Employee agrees and acknowledges that he shall, prior to or immediately following the Transition Period end, return all property belonging to the Company (other than his Company computer and otherwise as permitted in writing by the Company), including but not limited to: USB drives, external hard drives, and/or software; telephones or personal data assistants; other equipment; keys and/or access cards or devices; credit cards; books or other publications; board materials; current or prospective client and/or customer lists or information; all company-related emails, files, or folders on Employee’s personal computers or communication devices, including training materials, acquisition diligence materials and integration plans; and other business records such as memoranda, letters, email communications, lists of fees, personnel data, employee lists, salary and benefits information (other than relating to Employee), lists of suppliers and vendors, financial data, training materials, marketing plans, notes, records, reports, manuals, handbooks, forms, formulas, contracts, catalogs, instructions, and all other documentation (whether in draft or final and electronic or hard copy form) relating to the Company’s business, and any

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and all other documents containing Proprietary Information (as defined below) furnished to Employee by any representative of the Company or otherwise acquired or developed by Employee in connection with his employment with the Company, regardless of the manner in which Employee acquired possession of the documents or property (collectively, "Recipient Materials"). The Recipient Materials shall at all times be the property of the Company. Within 48 hours of the completion of the Transition Period, Employee shall return to the Company any Recipient Materials and any copies thereof which are in his possession, custody, or control, including Recipient Materials retained by Employee in his office, automobile, personal electronic devices, or at his home. Employee further agrees that within 48 hours of the completion of the Transition Period, Employee shall provide Company with a sworn Affidavit attesting that he has not retained possession of any Recipient Materials, and copies thereof, in any format, including on Employee's personal computer, smart phone, and other personal electronic devices.

8. Confidentiality. As part of this Agreement, and except as required by law, Employee agrees to keep the terms and conditions of this Agreement strictly confidential and may not disclose such terms and conditions to anyone except Employee's spouse or domestic partner, attorneys, accountants, and/or tax preparers, provided that such persons have agreed to keep such information confidential. Employee further expressly understands that he shall not disclose the existence or content of this Agreement to any third party, such as a press organization, an internet site or chat room, or employees and former employees of the Company. Notwithstanding the foregoing, nothing in this Agreement prevents Employee from participating in any investigation or proceeding conducted by the EEOC, NLRB, or comparable state or local agency.

In addition, Employee acknowledges that he will keep confidential all proprietary information of the Company, its clients, and vendors that he has had access to while an employee of the Company (collectively, the "Proprietary Information"), and agrees not to use or disclose such Proprietary Information to others without the prior written permission of the Company. Further, Employee agrees not to divulge to any other person or entity any information that the Company has previously indicated to Employee should be kept confidential either through oral or written communications, agreements, and/or handbooks, including the Company's Legal Compliance and Corporate Policy. Notwithstanding the foregoing, nothing in this Agreement prohibits Employee from reporting possible violations of federal law or regulation to any government agency or entity or making other disclosures that are protected under whistleblower provisions of laws. Employee does not need prior authorization to make such reports or disclosures and is not required to notify the Company that he has made any such report or disclosure.

9. Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA"). Employee will not be held criminally or civilly liable under any federal or state law for any disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the Company's trade secrets to his attorney and use the trade secret information in the court proceeding if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

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10. Non-Disparagement. Employee agrees not to directly or indirectly disparage (whether orally or in writing, and in any forum, including in print media or on social media) the Company or any of the Released Parties, or do anything that will, or is intended to, disparage or damage the Company or the Released Parties. Notwithstanding the foregoing, nothing in this Agreement shall be construed as prohibiting Employee from engaging in concerted activity protected by the National Labor Relations Act, or from participating in any investigation or proceeding conducted by the EEOC, NLRB, or comparable state or local agency, or from providing truthful testimony given in response to a lawful subpoena or similar court or governmental order or in any report protected under the whistleblower provisions of any applicable law or regulation.

11. Assignment of Work Product/Works for Hire. Employee acknowledges and agrees that any work product prepared, conceived, or developed by Employee during the term of his employment with the Company, including but not limited to all written documents and electronic data pertaining thereto, is and shall remain the exclusive property of the Company, and will be considered Proprietary Information subject to the terms of this Agreement. Employee agrees that when appropriate, and upon written request of the Company, Employee will acknowledge that his work product constitutes “works for hire” and will cooperate in the filing for patents or copyrights with regard to any or all such work product and will sign documentation necessary to evidence ownership of such work product in the Company.

12. Authority to Execute. Employee represents and warrants that he has the authority to execute this Agreement, and that he has not assigned, sold, transferred, or otherwise granted to any person any right related to his employment by, or his separation from his employment with, the Company, including any claims or demands in respect thereof.

13. Restrictive Covenants.

(a) Employee’s eligibility to receive the Bonus Amounts and the Company’s obligation to remit or convey the Bonus Amounts are expressly conditioned on Employee’s consent to be bound by, and compliance with, the restrictions and covenants set forth in this Section 13.

(b) During the term of Employee’s employment with the Company or an Affiliate and for a period of six (6) months following the date of a termination of employment with the Company and its Affiliates (the “Termination”) for any reason (the “Restricted Period”), Employee will not, whether on Employee’s own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever (“Person”), directly or indirectly solicit or assist in soliciting in competition with the Company, the business of any client or prospective client:

(i) with whom Employee had personal contact or dealings on behalf of the Company during the one year period preceding the Termination;

(ii) with whom employees reporting to Employee have had personal contact or dealings on behalf of the Company during the one year period immediately preceding the Termination; or

(iii) for whom Employee had direct or indirect responsibility during the one year period immediately preceding the Termination.

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

(c) During the Restricted Period, Employee will not directly or indirectly:

(i) engage in any business that materially competes with any business of the Company or its Affiliates (including, without limitation, businesses which the Company or its Affiliates have specific plans to conduct within twelve (12) months from the effective date of the Termination and as to which Employee is personally aware of such planning) in any geographical area that is within 100 miles of any geographical area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides its products or services and over which Employee had substantive responsibilities (a "Competitive Business");

(ii) enter the employ of, or render any services to, any Person (or any division or controlled or controlling affiliate of any Person) who or which engages in a Competitive Business;

(iii) acquire a financial interest in, or otherwise become actively involved with, any Competitive Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(iv) interfere with, or attempt to interfere with, business relationships between the Company or any of its Affiliates and customers, clients, suppliers, partners, members or investors of the Company or its Affiliates.

(d) Notwithstanding anything to the contrary in this Section 13, Employee may, directly or indirectly, own, solely as an investment, securities of any Person engaged in the business of the Company or its Affiliates that is publicly traded on a national stock exchange or on the over-the-counter market if Employee (i) is not a controlling person of, or a member of a group which controls, such person or (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(e) During the Restricted Period, Employee will not, whether on Employee's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(i) solicit or encourage any employee of the Company or its Affiliates to leave the employment of the Company or its Affiliates; or

(ii) hire any such employee who was employed by the Company or its affiliates as of the date of the Termination or who left the employment of the Company or its affiliates coincident with, or within six (6) months prior to or after, Employee's Termination.

(f) During the Restricted Period, Employee will not, directly or indirectly, solicit or encourage to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(g) If a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Section 13 is an unenforceable restriction against Employee, the provisions of this Section 13 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine to be enforceable.

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

(h) Employee agrees and acknowledges that his fulfillment of the obligations contained in this Section 13 are necessary to protect the Company's value and goodwill. Employee further acknowledges the time, geography and scope limitations of his obligations not to compete and not to interfere pursuant to this Section 13 are reasonable, especially in light of the Company's desire to protect its Proprietary Information, and that Employee will not be precluded from gainful employment if Employee is obligated not to compete or interfere with the Company pursuant to the terms of this Section 13.

14. Entire Agreement/Oral Modification/Severability. This Agreement cannot be modified orally and can only be modified through a written document signed by both parties. If any provision contained in this Agreement is determined to be void, illegal, or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein. This Agreement, the PSU Agreement and the Consulting Fee Agreement (effective as of March 4, 2019) constitute the entire agreement among the parties with respect to the subject matters covered herein, and supersedes and extinguishes all prior negotiations, promises, contracts, and agreements, whether written or oral, except that nothing in this Agreement shall be deemed to affect or relieve Employee or the Company from any continuing obligations contained in the Company's code of conduct or Employee Handbook, which survive the termination of Employee's employment, including, without limitation, any confidentiality, non-competition, non-solicitation, non-disclosure, or other protective covenant, entered into between Employee and the Company or any of the Released Parties. Employee's entitlement to the Bonus Amounts is expressly contingent on Employee's strict compliance with any such contractual provisions.

15. No Guarantee of Tax Consequences. The Company makes no commitment or guarantee to Employee (or anyone claiming through or on behalf of Employee) that any federal, state, local or other tax treatment will (or will not) apply or be available to any person eligible for compensation, benefits or other remuneration under this Agreement and assumes no liability or responsibility whatsoever for the tax consequences to Employee or to any other person eligible for compensation, benefits or remuneration under this Agreement.

16. Section 409A. This Agreement and the payments and benefits provided hereunder are intended to comply with or otherwise be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") and shall be construed, interpreted, and administered in a manner consistent with such intent. Each payment made under this Agreement will be treated as a separate payment and the right to a series of installment payments under this Agreement will be treated as a right to a series of separate payments. If Employee is a "specified employee" (within the meaning of Section 409A), any payments or benefits that are treated as nonqualified deferred compensation for purposes of Section 409A, subject to any applicable exceptions, and that are payable or provided as a result of Employee's "separation from service" (within the meaning of Section 409A) that would otherwise be paid or provided prior to the earliest of the dates set forth in this sentence shall instead be deferred, accumulated and paid in a lump sum or provided on the earliest of (i) the first day of the seventh month following Employee's separation from service, (ii) the date of Employee's death, or (iii) any date that otherwise complies with Section 409A. Any reimbursement of any costs and expenses by the Company to Employee under this Agreement shall be made by the Company in no event later

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

than the close of the Executive's taxable year following the taxable year in which the cost or expense is incurred by Employee. The expenses incurred by Employee in any calendar year that are eligible for reimbursement under this Agreement shall not affect the expenses incurred by Employee in any other calendar year that are eligible for reimbursement hereunder and Employee's right to receive any reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit.

17. Withholding Taxes. The Company may withhold from any amounts payable with respect to this Agreement such federal, state, local and other taxes as may be required to be withheld pursuant to any applicable law or regulation.

18. Notices. The person designated to receive any legal notices concerning this Agreement is:

Gail D. Makode
SVP & General Counsel
IES Holdings, Inc.
One Sound Shore Drive, Suite 304
Greenwich, CT 06830
Phone: (203) 992-1113
Email: gail.makode@ies-co.com

19. Choice of Law. This Agreement shall be interpreted under and governed by, construed and enforced in accordance with, and subject to, the laws of the State of Texas, without giving effect to any principles of conflicts of law.

20. Injunctive Relief. Employee agrees and acknowledges that the Company and/or the Released Parties would suffer irreparable harm, incur substantial damage, and would not have an adequate remedy at law for money damages if Employee breached this Agreement. Accordingly, Employee acknowledges that, without the necessity of proving actual damages or posting bond or other security, the Company and/or the Released Parties are entitled to temporary or permanent injunction or injunctions to prevent breaches of performance and to specific enforcement of applicable covenants in addition to any other remedy to which the Company and/or the Released Parties may be entitled, at law or in equity. The Company shall also be entitled to the recovery of all attorneys' fees and costs incurred by the Company in obtaining such relief. In such a situation, the Company and/or the Released Parties may pursue any remedy available, including declaratory relief, concurrently or consecutively in any order as to any breach, violation, or threatened breach or violation of any of the provisions set forth in this Agreement, and the pursuit of any particular remedy is not to be deemed an election of remedies or waiver of the right to pursue any other remedy. The Company may seek injunctive relief in federal or state court in Harris County, Texas.

21. Arbitration of Disputes. Aside from the Company's ability to seek injunctive relief, as set forth in Section 20, any controversy, dispute or claim arising out of or relating in any way, to this Agreement or a purported breach of this Agreement shall be settled through arbitration proceedings conducted in Houston, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The matter shall be heard and decided, and awards rendered by, a panel of three arbitrators. The Company and Employee shall each select one arbitrator and the American Arbitration Association shall select the third arbitrator, each of whom shall be on the American

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

Arbitration Association's national panel of commercial arbitrators. The award rendered by this arbitration panel shall be final and binding as between the parties hereto and their heirs, executors, administrators, successors and assigns, and judgment on the award may be entered by any court having jurisdiction. The cost of the arbitrator and all reasonable and necessary attorneys' fees that are a result of the claims or defenses asserted in the arbitration shall be awarded to the prevailing party. The prevailing party is either the party who is awarded legal or equitable relief on its claims by the arbitration panel OR is a party who successfully defends against and defeats claims that were asserted against it in the arbitration proceeding. If there is no prevailing party, each party will pay its own attorneys' fees, costs, and expenses. The decision as to which party is the prevailing party and the amount of fees and costs to be awarded to the prevailing party shall be determined by the arbitration panel. This fee-shifting provision shall not apply to claims or disputes arising from federal or state laws prohibiting discrimination and retaliation, wage and hour laws, or other employment laws that provide only for recovery of attorneys' fees and costs to prevailing plaintiffs or where otherwise prohibited by law.

22. Fully Understood Agreement, Time Limits and Payments Received. Employee further acknowledges and affirms that he has read and understands the foregoing Agreement and has agreed to its terms. Employee also hereby acknowledges and affirms the sufficiency of the payments recited herein, and receipt of the funds recited herein. Employee additionally represents, warrants, and agrees that as of the Effective Transition Date Employee has received full and timely payment of all wages, salary, overtime pay, commissions, bonuses, other compensation, remuneration and benefits that may have been due and payable by the Company or the Released Parties and that he has been appropriately paid for all time worked.

23. Construction. Captions and headings used herein are for convenience only, do not constitute a part of this Agreement, and shall not be considered in construing this Agreement. Unless the context otherwise requires, all article, section or subsection cross-references are to articles, sections or subsections within this Agreement.

24. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same agreement.

25. Voluntary Agreement. Employee hereby represents and warrants that, prior to signing below, he has had the opportunity to consult with independent legal counsel of his choice, has read this document in its entirety and fully or satisfactorily understands its content and effect, and that he has not been subject to any form of duress or coercion in connection with this Agreement, is completely satisfied with the terms reflected in this Agreement, and, accordingly, knowingly makes this Agreement and agrees to be bound as described in this Agreement.

[SIGNATURE PAGE FOLLOWS]

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed and delivered as of the date indicated below:

IES HOLDINGS, INC.

By: /s/ Gail D. Makode
Title: SVP & General Counsel
Date: March 9, 2019

EMPLOYEE

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Date: March 9, 2019

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

EXHIBIT A

Amended and Restated Executive Officer Severance Benefit Plan

[Filed Separately.]

TRANSITION AGREEMENT AND RELEASE – ROBERT W. LEWEY

CONSULTING FEE AGREEMENT

This Consulting Fee Agreement (this “**Agreement**”) is entered to be effective as of March 9, 2019, by and between IES Holdings, Inc. (hereinafter “**IES**” or the “**Company**”) and Robert W. Lewey (hereinafter “**Consultant**”).

RECITALS

WHEREAS, until March 4, 2019, Consultant was an officer and director on the Board of Directors of IES, as well as an officer and director of subsidiaries of IES (collectively, the “**IES Companies**”);

WHEREAS, commencing on March 11, 2019, Consultant shall serve in a non-officer employee role for the Company until approximately April 30, 2019;

WHEREAS, it is expected that following April 30, 2019, Consultant will be employed by one of the IES Companies;

WHEREAS, Consultant has expertise in the area of IES’s business and is willing to provide consulting services to IES as set forth herein; and

WHEREAS, IES is willing and desires to engage Consultant as an independent contractor, to the extent that he is at any time during the Term (as defined below) not an employee of any of the IES Companies, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises set forth herein, and intending to be legally bound, the parties hereto agree as follows:

AGREEMENT1. Term; Termination; Rights on Termination.

- (a) This Agreement will commence on March 11, 2019, and unless modified by the mutual written agreement of the parties, shall continue for a period of three (3) months (the “**Term**”). This Agreement may be terminated at any time, with or without cause, by either party with ten (10) days written notice to the other party.
- (b) In the event IES terminates this Agreement during the Term, other than for Consultant’s willful failure or negligence in performing the consulting services described on Exhibit A hereof (the “**Services**”), Consultant shall receive from IES, the monthly Consulting Fee (defined below) then in effect for whatever time period is remaining under the Term.

2. Compensation.

- (a) Consulting Fee. In consideration of the Services that may be performed by Consultant, IES agrees to pay Consultant twenty thousand dollars (\$20,000) per month during the

Term, or sixty thousand dollars (\$60,000) in the aggregate, with monthly payments to be made on or before the last business day of each month during the Term of this Agreement (“**Consulting Fee**”). The Company may withhold from any amounts payable with respect to this Agreement such federal, state, local and other taxes as may be required to be withheld pursuant to any applicable law or regulation.

3. Terms And Scope Of Services. This Section 3 shall apply only to the portion of the Term, if any, that Consultant is not an employee of any of the IES Companies.
- (a) This Agreement shall control and govern all work performed by Consultant. No subsequent variance from, amendment to or modification of this Agreement shall be binding upon the IES Companies unless it is in writing, expressly provides that it is intended as a variance, amendment or modification and is executed by a fully authorized representative of the IES Companies.
 - (b) The scope of services to be provided hereunder is set forth in “Exhibit A” hereto and as further modified and amended under subsequent written agreements between the parties. It is understood that the maximum number of hours of services to be provided hereunder is 20 hours per month, pro-rated for any partial months, unless otherwise agreed in writing by the parties hereto.
 - (c) All travel and out of pocket expenses incurred by Consultant for the benefit of the IES Companies and in the performance of this agreement that are preapproved in advance by the Company, shall be reimbursed by the Company within ten (10) business days following presentation of valid expense receipts.
 - (d) Consultant agrees to accept exclusive liability for the payment of any payroll taxes, contributions for unemployment insurance, old age and survivor’s insurance or annuities, which are based on wages, salaries or other remuneration paid to Consultant; and Consultant agrees to reimburse IES for any of the aforesaid taxes or contributions which by law IES may be required to pay because of Consultant’s failure to pay the same.
 - (e) The level of Consultant’s services under this Agreement shall be consistent with the incurrence of a “separation from service” (as defined under Section 409A of the Internal Revenue Code). Consultant acknowledges that the Company makes no warranties as to any tax consequences regarding payment of the Consulting Fee.
 - (f) The Consultant, as an independent contractor, shall perform the services rendered under this Agreement. It is specifically understood and agreed that the manner and means of performing the services required under this Agreement shall be at the sole discretion of the Consultant through use of his independent judgment.
 - (g) The Consultant shall have no authority to bind the IES Companies or any of its officers or employees to any agreement or to make managerial or Consultant decisions that are binding on the IES Companies. The Consultant shall not be subject to the supervision, direction or control of the IES Companies as to the particular means or methods of performing his services. However, the IES Companies shall retain the right to review and inspect at any time any part of the work performed by Consultant to assure compliance with customary standards and specifications.

- (h) Upon request or when Consultant's relationship with the Company terminates, Consultant will immediately deliver to the Company all copies of any and all materials and writings received from, created for, or belonging to the Company including, but not limited to, those which relate to or contain Proprietary or Confidential Information.
4. Entire Agreement. This Agreement contains the entire understanding and agreement between the parties hereto with respect to its subject matter and supersedes any prior or contemporaneous written or oral agreements, representations or warranties between them respecting the subject matter hereof, other than any Transition and Release Agreement entered into between Consultant and IES Holdings, Inc. dated on or about the date hereof.
5. Amendment. This Agreement may be amended only by a writing signed by Consultant and by a duly authorized officer of IES.
6. Remedy for Breach. Should either Consultant or IES resort to legal proceedings to enforce this Agreement, the prevailing party in such legal proceeding shall be awarded, in addition to such other relief as may be granted, attorneys' fees and costs incurred in connection with such proceeding.
7. Governing Law. This Agreement shall be construed in accordance with, and all actions arising hereunder shall be governed by the laws of the State of Texas and any dispute will be resolved in Harris County, Texas.
8. Duplicate. This Agreement may be executed in duplicate originals and is not effective unless signed by both parties.

Consultant

/s/ Robert W. Lewey

Robert W. Lewey

IES Holdings, Inc.

By: /s/ Gail D. Makode

Name: Gail D. Makode

Title: SVP & General Counsel

EXHIBIT "A"

SCOPE OF SERVICES

Consultant shall render such transitional support and individual projects as may be requested by the Chief Executive Officer or Board of Directors of IES from time to time during the Term (the "Services").

It is contemplated that the Consultant may not be asked to perform any or all of the specified services above during the performance of this Agreement. At the same time, it is contemplated that the Consultant may be asked to render and perform other valued consulting services to the Company.

All services rendered and performance thereof shall be at the direction of the Chief Executive Officer or Board of Directors of IES.

SECOND AMENDMENT TO SUBLEASE AGREEMENT

This Second Amendment to Sublease Agreement is entered into as of May 1, 2019 (the "Sublease Amendment"), by and between **TONTINE ASSOCIATES, LLC**, having an office at One Sound Shore Drive, Suite 304, Greenwich, Connecticut 06830 (the "Sublessor"), and **IES MANAGEMENT ROO, LP**, sharing office space with Sublessor (the "Sublessee" and the Sublessor, the "Parties").

WHEREAS, the Sublessor and **IES SHARED SERVICES, INC.** (the "Original Sublessee"), are parties to a Sublease dated March 29, 2012 ("Original Sublease"), for a portion of the premises (the "Subleased Premises") located at One Sound Shore Drive, Suite 304, Greenwich, Connecticut 06830 (the "Lease Premises"), which is leased by Sublessor from Sound Shore Partners LLC pursuant to a Lease Agreement (the "Lease Agreement");

WHEREAS, the Original Sublease expired on March 31, 2016 and was amended by that certain First Amendment to the Original Sublease dated April 1, 2016 between the Sublessor, Original Sublessee and Sublessee (the "First Amendment," and together with the Original Sublease, the "Sublease") pursuant to which the Original Sublease was novated with respect to the Original Sublessee, and the Sublessee was substituted in place of the Original Sublessee under the Sublease, the lease term was extended to June 30, 2019, and the base rent as well as certain other terms of the Sublease were amended;

WHEREAS, Sublessor has renewed its Lease Agreement for the premises effective March 9, 2019 for a term expiring on December 31, 2019; and

WHEREAS, the Parties desire to amend the Sublease, effective as of July 1, 2019 (the "Effective Date"), as set forth below to extend the term of the Sublease to be coterminous with the renewed Lease Agreement, and to reflect the increased lease rates therein of the Subleased Premises.

NOW THEREFORE, in consideration for the mutual and reciprocal promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree to amend the Sublease as follows:

1. Term: The term of the Sublease shall be extended for a period of (6) six months commencing on July 1, 2019 and expiring on December 31, 2019 (the "Extension Period").

2. Rent: The base rent to be paid by the Sublessee for the Extension Period shall be as follows (reflecting the increased rent under the renewed Lease Agreement):

7/1/19 – 12/31/19	\$8,533.13 per month
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3. Subleased Premises: The portion of the Subleased Premises shall remain the same at 2,214 sq. ft., or 60% of the 3,690 sq. ft. total leased premises under the Lease Agreement.

4. Renewal Option: Section 6 of the First Amendment is hereby deleted in its entirety. Sublessee hereby acknowledges that from and after the Effective Date, Sublessee shall no longer have any right to extend the Sublease, except as may be mutually agreed upon by Sublessee and Sublessor.

5. All other terms and conditions of the Sublease shall remain the same and in full force and effect.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have signed this Second Amendment to Sublease Agreement as of the date first written above.

SUBLESSOR:

TONTINE ASSOCIATES, LLC, a Delaware limited liability company

By: /s/ Jeffrey L. Gendell

Its: Managing Member

SUBLESEE:

IES MANAGEMENT ROO, LP, a Texas limited partnership

By: IES OPERATIONS GROUP, INC., its General Partner

By: /s/ Gail D. Makode

Title: VP, General Counsel & Secretary

CERTIFICATION

I, Gary S. Matthews, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IES Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an 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 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: May 6, 2019

/s/ GARY S. MATTHEWS

Gary S. Matthews
Chief Executive Officer as Principal Executive Officer

CERTIFICATION

I, Tracy A. McLauchlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IES Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an 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 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: May 6, 2019

/s/ TRACY A. MCLAUHLIN

Tracy A. McLauchlin
Senior Vice President, Chief Financial Officer and Treasurer
as Principal Financial Officer

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

In connection with this Quarterly Report of IES Holdings, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2019 (the "Report"), I, Gary S. Matthews, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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 results of operations of the Company.

Date: May 6, 2019 By:

By: /s/ GARY S. MATTHEWS

Gary S. Matthews
Chief Executive Officer as Principal Executive 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 this Quarterly Report of IES Holdings, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2019 (the "Report"), I, Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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 results of operations of the Company.

Date: May 6, 2019

By: /s/ TRACY A. MCLAUHLIN

Tracy A. McLauchlin
Senior Vice President, Chief Financial Officer and Treasurer
as Principal Financial Officer