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 June 30, 2021

OR

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

For the transition period from __________ to __________

Commission file number 001-13783

IES Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**76-0542208**
(State or other jurisdiction of incorporation or organization)	**(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**

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

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

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

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

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

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

On August 3, 2021, there were 20,856,736 shares of common stock outstanding.

IES HOLDINGS, INC. AND SUBSIDIARIES
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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 impact of the COVID-19 outbreak or future epidemics on our business, including the potential for new or continuing job site closures or work stoppages, supply chain disruptions, delays in awarding new project bids, construction delays, reduced demand for our services, delays in our ability to collect from our customers, or illness of management or other employees;
- 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;
- our ability to successfully manage projects, the cost and availability of qualified labor and the ability to maintain positive labor relations, and our ability to pass along increases in the cost of commodities used in our business, in particular, copper, aluminum, steel, fuel and certain plastics;
- potential supply chain disruptions due to credit or liquidity problems faced by our suppliers;
- our ability to enter into, and the terms of, future contracts;
- the inability to carry out plans and strategies as expected, including the inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions;
- challenges integrating new businesses into the Company or new types of work, products or processes into our segments;
- a general reduction in the demand for our services;
- backlog that may not be realized or may not result in profits;
- 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;
- increases in bad debt expense and days sales outstanding due to liquidity problems faced by our customers;
- 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 policies at acceptable rates;
- the effect of litigation, claims and contingencies, including warranty losses, damages or other latent defect claims in excess of our existing reserves and accruals;

- interruptions to our information systems and cyber security or data breaches;
- liabilities under laws and regulations protecting the environment;
- loss of key personnel and effective transition of new management, or inability to transfer, renew and obtain electrical and other professional licenses;
- the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership or a change in the federal tax rate;
- the recognition of tax benefits related to uncertain tax positions and the potential for disagreements with taxing authorities with regard to tax positions we have adopted;
- the potential recognition of valuation allowances or write-downs on deferred tax assets;
- limitations on the availability of sufficient credit or cash flow to fund our working capital needs and capital expenditures, complete acquisitions, and for debt service;
- credit and capital market conditions, including changes in interest rates that affect the cost of construction financing and mortgages, and the inability of some of our customers to retain sufficient financing, which could lead to project delays or cancellations;
- difficulty in fulfilling the covenant terms of our revolving credit facility, including liquidity, and other financial requirements, which could result in a default and acceleration of any indebtedness we may incur under such revolving credit facility;
- inaccurate estimates used when entering into fixed-priced contracts, the possibility of errors when estimating revenue and progress to date on percentage-of-completion contracts, and complications associated with the incorporation of new accounting, control and operating procedures;
- uncertainties inherent in estimating future operating results, including revenues, operating income or cash flow;
- the recognition of potential goodwill, long-lived assets and other investment impairments;
- the phase-out, replacement or unavailability of the London Interbank Offered Rate ("LIBOR");
- the existence of a controlling shareholder, who has the ability to take action not aligned with other shareholders or to dispose of all or any portion of the shares of our common stock it holds, which could trigger certain change of control provisions in a number of our material agreements, including our financing and surety arrangements and our executive severance plan;
- the relatively low trading volume of our common stock, as a result of which it could be more difficult for shareholders to sell a substantial number of shares for the same price at which shareholders could sell a smaller number of shares;
- the possibility that we issue additional shares of common stock, preferred stock or convertible securities that will dilute the percentage ownership interest of existing stockholders and may dilute the value per share of our common stock;
- the potential for substantial sales of our common stock, which could adversely affect our stock price;
- the possibility that our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur; and
- other factors discussed elsewhere in this Quarterly Report on Form 10-Q.

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, 2020 and Part II, Item 1A of our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2021, 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 without limitation 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.

Item 1. ***Financial Statements***

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

	June 30, 2021 (Unaudited)	September 30, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 18,524	$ 53,577
Accounts receivable:		
Trade, net of allowance of $1,278 and $2,613, respectively	243,853	213,016
Retainage	39,159	40,878
Inventories	71,562	24,889
Costs and estimated earnings in excess of billings	31,962	29,937
Prepaid expenses and other current assets	20,166	9,153
Total current assets	425,226	371,450
Property and equipment, net	35,932	24,589
Goodwill	92,027	53,763
Intangible assets, net	89,301	39,357
Deferred tax assets	23,992	33,803
Operating right of use assets	42,677	31,786
Other non-current assets	6,775	5,780
Total assets	$ 715,930	$ 560,528
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	222,271	186,710
Billings in excess of costs and estimated earnings	67,235	55,739
Total current liabilities	289,506	242,449
Long-term debt	30,576	217
Operating long-term lease liabilities	28,750	20,530
Other non-current liabilities	15,542	12,215
Total liabilities	364,374	275,411
Noncontrolling interest	23,367	1,804
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 20,856,736 and 20,762,395 outstanding, respectively	220	220
Treasury stock, at cost, 1,192,793 and 1,287,134 shares, respectively	(23,783)	(24,499)
Additional paid-in capital	201,126	200,587
Retained earnings	150,626	107,005
Total stockholders' equity	328,189	283,313
Total liabilities and stockholders' equity	$ 715,930	$ 560,528

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 June 30,	
	2021	2020
Revenues	$ 405,871	$ 293,125
Cost of services	333,042	234,805
Gross profit	72,829	58,320
Selling, general and administrative expenses	50,342	44,261
Contingent consideration	69	—
Gain on sale of assets	(32)	(3)
Operating income	22,450	14,062
Interest and other (income) expense:		
Interest expense	240	269
Other (income) expense, net	(79)	(232)
Income from operations before income taxes	22,289	14,025
Provision for income taxes	2,640	1,695
Net income	19,649	12,330
Net income attributable to noncontrolling interest	(348)	(70)
Comprehensive income attributable to IES Holdings, Inc.	$ 19,301	$ 12,260
Earnings per share attributable to common stockholders of IES Holdings, Inc.:		
Basic	$ 0.93	$ 0.58
Diluted	$ 0.92	$ 0.58
Shares used in the computation of earnings per share:		
Basic	20,829,165	20,728,149
Diluted	21,087,779	20,996,732

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)

	Nine Months Ended June 30,	
	2021	2020
Revenues	$ 1,052,670	$ 860,445
Cost of services	856,288	700,646
Gross profit	196,382	159,799
Selling, general and administrative expenses	140,783	124,169
Contingent consideration	142	—
Gain on sale of assets	(24)	(40)
Operating income	55,481	35,670
Interest and other (income) expense:		
Interest expense	637	828
Other (income) expense, net	(248)	177
Income from operations before income taxes	55,092	34,665
Provision for income taxes	9,890	7,592
Net income	45,202	27,073
Net income attributable to noncontrolling interest	(967)	(80)
Comprehensive income attributable to IES Holdings, Inc.	$ 44,235	$ 26,993
Earnings per share attributable to common stockholders of IES Holdings, Inc.:		
Basic	$ 2.11	$ 1.28
Diluted	$ 2.08	$ 1.26
Shares used in the computation of earnings (loss) per share:		
Basic	20,780,975	20,819,857
Diluted	21,066,489	21,084,267

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 June 30, 2021

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
BALANCE, March 31, 2021	22,049,529	$ 220	(1,210,685)	$ (23,639)	$ 200,732	$ 131,222	$ 308,535
Issuances under compensation plans	—	—	33,333	651	(651)	—	—
Acquisition of treasury stock	—	—	(15,441)	(795)	—	—	(795)
Non-cash compensation	—	—	—	—	1,045	—	1,045
Decrease in noncontrolling interest	—	—	—	—	—	103	103
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	19,301	19,301
BALANCE, June 30, 2021	22,049,529	$ 220	(1,192,793)	$ (23,783)	$ 201,126	$ 150,626	$ 328,189

Three Months Ended June 30, 2020

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid - In Capital	Retained Earnings	Total Stockholders' Equity
BALANCE, March 31, 2020	22,049,529	$ 220	(977,863)	$ (15,643)	$ 192,895	$ 80,333	$ 257,805
Issuances under compensation plans	—	—	2,053	33	(33)	—	—
Acquisition of treasury stock	—	—	(26,711)	(543)	—	—	(543)
Non-cash compensation	—	—	—	—	1,159	—	1,159
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	12,260	12,260
BALANCE, June 30, 2020	22,049,529	$ 220	(1,002,521)	$ (16,153)	$ 194,021	$ 92,593	$ 270,681

Nine Months Ended June 30, 2021

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid - In Capital	Retained Earnings	Total Stockholders' Equity
BALANCE, September 30, 2020	22,049,529	$ 220	(1,287,134)	$ (24,499)	$ 200,587	$ 107,005	$ 283,313
Issuances under compensation plans	—	—	140,660	2,737	(2,737)	—	—
Acquisition of treasury stock	—	—	(46,319)	(2,021)	531	—	(1,490)
Non-cash compensation	—	—		—	2,745	—	2,745
Increase in noncontrolling interest	—	—	—	—	—	(400)	(400)
Cumulative effect adjustment from adoption of new accounting standard	—	—	—	—	—	(214)	(214)
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	44,235	44,235
BALANCE, June 30, 2021	22,049,529	$ 220	(1,192,793)	$ (23,783)	$ 201,126	$ 150,626	$ 328,189

Nine Months Ended June 30, 2020

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid - In Capital	Retained Earnings	Total Stockholders' Equity
BALANCE, September 30, 2019	22,049,529	$ 220	(884,518)	$ (12,483)	$ 192,911	$ 65,600	$ 246,248
Issuances under compensation plans	—	—	118,633	1,683	(1,683)	—	—
Acquisition of treasury stock	—	—	(242,386)	(5,437)	—		(5,437)
Options exercised	—	—	5,750	84	(50)	—	34
Non-cash compensation	—	—	—	—	2,843	—	2,843
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	26,993	26,993
BALANCE, June 30, 2020	22,049,529	$ 220	(1,002,521)	$ (16,153)	$ 194,021	$ 92,593	$ 270,681

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)

	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 45,202	$ 27,073
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	37	1,668
Deferred financing cost amortization	145	314
Depreciation and amortization	15,910	8,797
Gain on sale of assets	(24)	(40)
Non-cash compensation expense	2,745	2,843
Deferred income taxes	6,841	5,031
Changes in operating assets and liabilities:		
Accounts receivable	(10,686)	(2,007)
Inventories	(33,761)	(3,275)
Costs and estimated earnings in excess of billings	(2,025)	4,551
Prepaid expenses and other current assets	(6,062)	(8,783)
Other non-current assets	(275)	520
Accounts payable and accrued expenses	3,964	156
Billings in excess of costs and estimated earnings	11,496	14,402
Other non-current liabilities	1,642	4,345
Net cash provided by operating activities	35,149	55,595
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(5,391)	(3,700)
Proceeds from sale of assets	166	60
Cash paid in conjunction with business combinations	(92,694)	(28,952)
Net cash used in investing activities	(97,919)	(32,592)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of debt	947,057	592,648
Repayments of debt	(915,928)	(592,643)
Cash paid for finance leases	(423)	(132)
Purchase of noncontrolling interest	(1,188)	—
Distribution to noncontrolling interest	(311)	(577)
Purchase of treasury stock	(1,490)	(5,437)
Options exercised	—	34
Net cash provided by (used in) financing activities	27,717	(6,107)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,053)	16,896
CASH AND CASH EQUIVALENTS, beginning of period	53,577	18,934
CASH AND CASH EQUIVALENTS, end of period	$ 18,524	$ 35,830
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 460	$ 668
Cash paid for income taxes (net)	$ 3,473	$ 718

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

1. BUSINESS AND ACCOUNTING POLICIES

Description of the Business

IES Holdings, Inc. is a holding company that owns and manages operating subsidiaries that design and install integrated electrical and technology systems and provide infrastructure products and services across a variety of end-markets, including data centers, residential housing and commercial and industrial facilities. Our operations are organized into the following four principal business segments, based upon the nature of our services:

- <u>Communications</u> – Nationwide provider of technology infrastructure services, including the design, build, and maintenance of the communications infrastructure within data centers for co-location and managed hosting customers, for both large corporations and independent businesses.
- <u>Residential</u> – Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.
- <u>Infrastructure Solutions</u> – Provider of electro-mechanical solutions for industrial operations, including apparatus repair and custom-engineered products, such as generator enclosures, to be used in data centers and other industrial applications.
- <u>Commercial & Industrial</u> – 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 and data centers.

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

Seasonality and Quarterly Fluctuations

Results of operations from our Residential segment can be seasonal, depending on weather trends, with typically higher revenues generated during spring and summer and lower revenues generated during fall and winter. 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. From quarter to quarter, results for our Communications, Residential, and Commercial & Industrial segments may be materially affected by the timing of new construction projects, and our volume of business may be adversely affected by declines in construction projects resulting from adverse regional or national economic conditions. Quarterly results for our Infrastructure Solutions segment may be affected by the timing of outages or capital projects 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 United States 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, 2020. 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 Edmonson Electric, LLC and Bayonet Plumbing, Heating & Air-Conditioning, LLC ("Bayonet") in fiscal 2021, NEXT Electric, LLC in fiscal 2017, and STR Mechanical, LLC in fiscal 2016, 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 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. During the quarter ended June 30, 2021, we acquired the noncontrolling interest in STR Mechanical, LLC for $1,188. If all of the noncontrolling interests remaining outstanding at June 30, 2021 had been redeemable at that date, the redemption amount would have been $17,355. During the three and nine months ended June 30, 2021, we recorded valuation adjustments to the balance sheet carrying value of noncontrolling interest of a $103 decrease and $400 increase, respectively.

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 credit losses, stock-based compensation, reserves for legal matters, realizability of deferred tax assets, unrecognized tax benefits and self-insured claims liabilities and related reserves.

Accounting Standards Recently Adopted

In June 2016, the Financial Accounting Standards Board ("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, with further clarifications made in April 2019 and May 2019 with the issuances of Accounting Standard Updates No. 2019-04 and 2019-05. This update is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. We adopted this standard on October 1, 2020, using a modified retrospective transition method through a cumulative-effect adjustment to beginning retained earnings in the period of adoption. As a result, we recorded an increase in the Allowance for Credit Losses of $284, an increase to Deferred Tax Assets of $70, and an increase of $214 to retained earnings.

ASU 2016-13 requires the recognition of expected credit losses on financial assets measured at amortized cost basis. In calculating our expected credit losses, we considered trade receivables, retainage, and costs and estimated earnings in excess of billings, all of which constitute a homogenous portfolio, and therefore, to measure the expected credit loss, they have been grouped together.

We have elected to calculate an expected credit loss based on loss rates from historical data. Each segment groups financial assets with similar risk characteristics and collectively assesses the expected credit losses. If an individual asset experiences credit deterioration to the extent the credit risk is no longer characteristic of the other assets in the group, it will be analyzed individually. The loss rates for our portfolios include our history of credit loss expense, the aging of our receivables, our expectation of payments and adjustment for forward-looking factors specific to the macroeconomic trends in the U.S. construction market.

Other than trade receivables due in one year or less, we do not have any other financial assets that are past due or are on non-accrual status.

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 gains 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. We adopted this standard on October 1, 2020, with no impact on our Condensed Consolidated Financial Statements.

Accounting Standards Not Yet Adopted

In December 2019, the FASB issued Accounting Standard Update No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in Topic 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. This update is effective for fiscal years beginning after December 15, 2020 and for interim periods within that year. Early adoption is permitted. We expect to adopt this standard on October 1, 2021, and do not expect it to have a material impact on our Condensed Consolidated Financial Statements.

2. CONTROLLING STOCKHOLDER

Tontine Associates, L.L.C. ("Tontine Associates"), together with its affiliates (collectively, “Tontine”), is the Company’s controlling stockholder, owning approximately 56 percent of the Company’s outstanding common stock according to a Form 4 filed by Tontine with the SEC on June 9, 2021. 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.

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. Furthermore, a change of control would trigger the change of control provisions in a number of our material agreements, including our credit agreement, bonding agreements with our sureties and our executive severance plan. The Company previously had in place a tax benefit protection plan (the “NOL Rights Plan”), designed to deter an acquisition of the Company's stock in excess of a threshold amount that could trigger a change in ownership within the meaning of Internal Revenue Code Section 382. However, on May 7, 2021, we amended the NOL Rights Plan, accelerating the expiration of the plan from December 31, 2021 to May 21, 2021. As a result of this amendment, the NOL Rights Plan has now expired.

Jeffrey L. Gendell was appointed as Chief Executive Officer of the Company effective October 1, 2020, having served as the Company's Interim Chief Executive Officer since July 31, 2020. Mr. Gendell also serves as Chairman of the Company's Board of Directors (the "Board"), a position he has held since 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 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 for corporate office space in Greenwich, Connecticut. The sublease extends through February 27, 2023, with monthly payments due in the amount of approximately $8. Payments by the Company are at a rate consistent with that paid by Tontine Associates to its landlord.

On December 6, 2018, the Company entered into a Board Observer Letter Agreement (the "Observer Agreement") with Tontine Associates in order to assist Tontine in managing its investment in the Company. Subject to the terms and conditions set forth in the Observer 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 Observer 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 its 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.

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 changes to transaction price for approved and unapproved change orders, claims and incentives. 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 accounted for as a reduction of the 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 June 30, 2021, 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. 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.

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 revenue for the three and nine months ended June 30, 2021 and 2020 was derived from the following activities. See details in the following tables:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Communications	$ 116,218	$ 96,500	$ 309,460	$ 276,779
Residential				
Single-family	102,105	62,239	274,707	176,071
Multi-family and Other	84,344	45,666	181,569	124,589
Total Residential	186,449	107,905	456,276	300,660
Infrastructure Solutions				
Industrial Services	11,972	9,753	32,560	31,588
Custom Power Solutions	27,145	22,189	75,674	60,937
Total Infrastructure Solutions	39,117	31,942	108,234	92,525
Commercial & Industrial	64,087	56,778	178,700	190,481
Total Revenue	$ 405,871	$ 293,125	$ 1,052,670	$ 860,445

	Three Months Ended June 30, 2021				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	$ 81,521	$ 186,449	$ 37,241	$ 60,444	$ 365,655
Time-and-material	34,697	—	1,876	3,643	40,216
Total revenue	$ 116,218	$ 186,449	$ 39,117	$ 64,087	$ 405,871

	Three Months Ended June 30, 2020				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	$ 79,801	$ 107,905	$ 30,504	$ 53,811	$ 272,021
Time-and-material	16,699	—	1,438	2,967	21,104
Total revenue	$ 96,500	$ 107,905	$ 31,942	$ 56,778	$ 293,125

	Nine Months Ended June 30, 2021				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	$ 226,086	$ 456,276	$ 102,864	$ 170,134	$ 955,360
Time-and-material	83,374	—	5,370	8,566	97,310
Total revenue	$ 309,460	$ 456,276	$ 108,234	$ 178,700	$ 1,052,670

	Nine Months Ended June 30, 2020				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	$ 213,205	$ 300,660	$ 87,479	$ 180,425	$ 781,769
Time-and-material	63,574	—	5,046	10,056	78,676
Total revenue	$ 276,779	$ 300,660	$ 92,525	$ 190,481	$ 860,445

Accounts Receivable

Accounts receivable include amounts which we have billed or have an unconditional right to bill our customers. As of June 30, 2021, Accounts receivable included $18,525 of unbilled receivables for which we have an unconditional right to bill.

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 exceeds cumulative billings and unbilled receivables to the customer under the contract are reflected as a current asset in our Condensed Consolidated Balance Sheet under the caption “Costs and estimated earnings in excess of billings”. 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 Condensed Consolidated Balance Sheet under the caption “Billings in excess of costs and estimated earnings”.

During the three months ended June 30, 2021 and 2020, we recognized revenue of $25,851 and $19,661 related to our contract liabilities at April 1, 2021 and 2020, respectively. During the nine months ended June 30, 2021 and 2020, we recognized revenue of $41,121 and $29,692 related to our contract liabilities at October 1, 2020 and 2019, respectively.

We did not have any impairment losses recognized on our receivables or contract assets for the three and nine months ended June 30, 2021 or 2020.

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 June 30, 2021, we had remaining performance obligations of $668,716. The Company expects to recognize revenue on approximately $555,454 of the remaining performance obligations over the next 12 months, with the remaining recognized thereafter.

For the three and nine months ended June 30, 2021, net revenue recognized from our performance obligations satisfied in previous periods was not material.

4. DEBT

At June 30, 2021 and September 30, 2020, we had $30,479 and $12, respectively, in borrowings outstanding under our revolving credit facility with Wells Fargo Bank, N.A. ("Wells Fargo"), and long-term debt related to loans on capital expenditures of $97 and $205, respectively. At June 30, 2021, we also had $4,527 in outstanding letters of credit and total availability of $64,331 under our revolving credit facility without triggering our financial covenants under the Amended Credit Agreement (as defined below).

The Company maintains a $100 million revolving credit facility that matures on September 30, 2024, pursuant to our Second Amended and Restated Credit and Security Agreement with Wells Fargo (as amended, the “Amended Credit Agreement”). The Amended Credit Agreement contains customary affirmative, negative and financial covenants as disclosed in Item 7 of our Annual Report on Form 10-K for the year ended September 30, 2020. As of June 30, 2021, the Company was in compliance with the financial covenants under the Amended Credit Agreement.

5. PER SHARE INFORMATION

The following tables reconcile the components of basic and diluted earnings per share for the three and nine months ended June 30, 2021 and 2020:

	Three Months Ended June 30,	
	2021	2020
Numerator:		
Net income attributable to common stockholders of IES Holdings, Inc.	$ 19,388	$ 12,066
Increase (decrease) in noncontrolling interest	(103)	—
Net income attributable to restricted stockholders of IES Holdings, Inc.	16	194
Net income attributable to IES Holdings, Inc.	$ 19,301	$ 12,260
Denominator:		
Weighted average common shares outstanding — basic	20,829,165	20,728,149
Effect of dilutive stock options and non-vested securities	258,614	268,583
Weighted average common and common equivalent shares outstanding — diluted	21,087,779	20,996,732
Earnings per share attributable to common stockholders of IES Holdings, Inc.:		
Basic	$ 0.93	$ 0.58
Diluted	$ 0.92	$ 0.58

	Nine Months Ended June 30,	
	2021	2020
Numerator:		
Net income attributable to common stockholders of IES Holdings, Inc.	$ 43,797	$ 26,577
Increase in noncontrolling interest	400	—
Net income attributable to restricted stockholders of IES Holdings, Inc.	38	416
Net income attributable to IES Holdings, Inc.	$ 44,235	$ 26,993
Denominator:		
Weighted average common shares outstanding — basic	20,780,975	20,819,857
Effect of dilutive stock options and non-vested securities	285,514	264,410
Weighted average common and common equivalent shares outstanding — diluted	21,066,489	21,084,267
Earnings per share attributable to common stockholders of IES Holdings, Inc.:		
Basic	$ 2.11	$ 1.28
Diluted	$ 2.08	$ 1.26

For the three and nine months ended June 30, 2021 and 2020, 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: Communications, Residential, Infrastructure Solutions, and Commercial & Industrial. 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 services, as well as support services, to each of 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 nine months ended June 30, 2021 and 2020 is as follows:

	Three Months Ended June 30, 2021					
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	$ 116,218	$ 186,449	$ 39,117	$ 64,087	$ —	$ 405,871
Cost of services	95,582	152,778	28,374	56,308	—	333,042
Gross profit	20,636	33,671	10,743	7,779	—	72,829
Selling, general and administrative	10,783	22,634	5,961	6,781	4,183	50,342
Contingent consideration	—	69	—	—	—	69
Loss (gain) on sale of assets	(7)	8	(1)	(32)	—	(32)
Operating income (loss)	$ 9,860	$ 10,960	$ 4,783	$ 1,030	$ (4,183)	$ 22,450
Other data:						
Depreciation and amortization expense	$ 341	$ 3,456	$ 1,553	$ 673	$ 39	$ 6,062
Capital expenditures	$ 187	$ 641	$ 1,034	$ 525	$ —	$ 2,387
Total assets	$ 141,004	$ 308,411	$ 136,741	$ 76,278	$ 53,496	$ 715,930

	Three Months Ended June 30, 2020					
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	$ 96,500	$ 107,905	$ 31,942	$ 56,778	$ —	$ 293,125
Cost of services	77,792	82,192	22,609	52,212	—	234,805
Gross profit	18,708	25,713	9,333	4,566	—	58,320
Selling, general and administrative	9,316	16,767	5,512	8,786	3,880	44,261
Loss (gain) on sale of assets	—	—	3	(6)	—	(3)
Operating income (loss)	$ 9,392	$ 8,946	$ 3,818	$ (4,214)	$ (3,880)	$ 14,062
Other data:						
Depreciation and amortization expense	$ 330	$ 476	$ 1,683	$ 692	$ 19	$ 3,200
Capital expenditures	$ 63	$ 108	$ 135	$ 496	$ —	$ 802
Total assets	$ 131,796	$ 107,919	$ 126,557	$ 71,877	$ 87,176	$ 525,325

	Nine Months Ended June 30, 2021					
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	$ 309,460	$ 456,276	$ 108,234	$ 178,700	$ —	$ 1,052,670
Cost of services	250,738	368,887	76,999	159,664	—	856,288
Gross profit	58,722	87,389	31,235	19,036	—	196,382
Selling, general and administrative	29,739	61,570	17,787	19,949	11,738	140,783
Contingent consideration	—	142	—	—	—	142
Loss (gain) on sale of assets	(7)	60	(1)	(49)	(27)	(24)
Operating income (loss)	$ 28,990	$ 25,617	$ 13,449	$ (864)	$ (11,711)	$ 55,481
Other data:						
Depreciation and amortization expense	$ 1,035	$ 8,165	$ 4,548	$ 2,050	$ 112	$ 15,910
Capital expenditures	$ 452	$ 2,118	$ 1,542	$ 1,190	$ 89	$ 5,391
Total assets	$ 141,004	$ 308,411	$ 136,741	$ 76,278	$ 53,496	$ 715,930

	Nine Months Ended June 30, 2020					
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	$ 276,779	$ 300,660	$ 92,525	$ 190,481	$ —	$ 860,445
Cost of services	225,866	231,891	68,177	174,712	—	700,646
Gross profit	50,913	68,769	24,348	15,769	—	159,799
Selling, general and administrative	27,304	46,241	14,923	24,660	11,041	124,169
Loss (gain) on sale of assets	(9)	—	3	(34)	—	(40)
Operating income (loss)	$ 23,618	$ 22,528	$ 9,422	$ (8,857)	$ (11,041)	$ 35,670
Other data:						
Depreciation and amortization expense	$ 1,010	$ 1,117	$ 4,557	$ 2,057	$ 56	$ 8,797
Capital expenditures	$ 531	$ 977	$ 725	$ 1,168	$ 299	$ 3,700
Total assets	$ 131,796	$ 107,919	$ 126,557	$ 71,877	$ 87,176	$ 525,325

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 842,141 shares were available for issuance at June 30, 2021.

Stock Repurchase Program

In 2015, our Board 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, and on May 2, 2019, our Board authorized the repurchase from time to time of up to an additional 1.0 million shares of our common stock under the stock repurchase program. 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 predetermined 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 no shares of our common stock during the three and nine months ended June 30, 2021. We repurchased 26,711 and 224,959 shares, respectively, of our common stock during the three and nine months ended June 30, 2020 in open market transactions at an average price of $20.29 and $22.32 per share, respectively.

Treasury Stock

During the nine months ended June 30, 2021, we issued 71,420 shares of common stock from treasury stock to employees and repurchased 32,323 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. In addition, 13,996 restricted shares were forfeited by certain former employees upon their departure and returned to treasury stock. We also issued 380 unrestricted shares of common stock from treasury stock to members of our Board of Directors as part of their overall compensation, and we issued 68,860 shares from treasury stock to satisfy the vesting of Director PSUs (as defined below) in conjunction with the departure of a Board member.

During the nine months ended June 30, 2020, we issued 113,408 shares of common stock from treasury stock to employees and repurchased 17,427 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 issued 5,225 unrestricted shares of common stock from treasury to members of our Board of Directors as part of their overall compensation and 5,750 unrestricted shares of common stock from treasury stock to satisfy the exercise of outstanding options. In addition, we repurchased 224,959 shares of common stock on the open market pursuant to our stock repurchase program.

Restricted Stock

We granted no restricted shares to executives during the nine months ended June 30, 2021. Of the awards previously granted, 8,183 shares vested and 13,996 shares were forfeited by certain former employees upon their departure. The remaining restricted shares either vest subject to the achievement of specified levels of cumulative net income before taxes or vest based on the passage of time. During the three months ended June 30, 2021 and 2020, we recognized $36 and $521, respectively, in compensation expense related to all restricted stock awards. During the nine months ended June 30, 2021 and 2020, we recognized $109 and $1,316, respectively, in compensation expense related to all restricted stock awards. At June 30, 2021, the unamortized compensation cost related to outstanding unvested restricted stock was $202.

Director Phantom Stock Units

Director phantom stock units (“Director PSUs”) are granted to the members of the Board of Directors as part of their overall compensation. The Director PSUs are contractual rights to receive one share of the Company's common stock and are paid via unrestricted stock grants to each director upon their departure from the Board of Directors, or upon a change in control. We record compensation expense for the full value of the grant on the date of grant. During the three months ended June 30, 2021 and 2020, we recognized $93 and $97, respectively, in compensation expense related to these grants. During the nine months ended June 30, 2021 and 2020, we recognized $280 and $293, respectively, in compensation expense related to these grants.

Employee Phantom Stock Units

An employee phantom stock unit (an “Employee PSU”) is a contractual right to receive one share of the Company’s common stock. Depending on the terms of each grant, Employee PSUs may vest upon the achievement of certain specified performance objectives and continued performance of services, or may vest based on continued performance of services through the vesting date.

As of June 30, 2021, the Company had outstanding Employee PSUs, which, subject to the achievement of certain performance metrics, could result in the issuance of 258,253 shares of common stock. Of the Employee PSUs granted, 114,067 Employee PSUs have been forfeited, and 121,102 have vested. During the three months ended June 30, 2021 and 2020, we recognized $928 and $505, respectively, in compensation expense related to Employee PSU grants. During the nine months ended June 30, 2021 and 2020, we recognized $2,336 and $1,121, respectively, in compensation expense related to Employee PSU grants. In July 2021, we issued an additional 22,807 Employee PSUs.

8. 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 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 June 30, 2021 and 2020, we recognized $847 and $665, respectively, in matching expense. During the nine months ended June 30, 2021 and 2020, we recognized $2,326 and $1,747, 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 $585 and $719 recorded as of June 30, 2021 and September 30, 2020, respectively, related to such plans.

9. 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 (1) the asset or liability is 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, and 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 June 30, 2021, 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 June 30, 2021 and September 30, 2020, are summarized in the following tables by the type of inputs applicable to the fair value measurements:

	June 30, 2021		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable Inputs (Level 3)
Executive savings plan assets	$ 945	$ 945	$ —
Executive savings plan liabilities	(814)	(814)	—
Contingent consideration liability	(4,147)	—	(4,147)
Total	$ (4,016)	$ 131	$ (4,147)

	September 30, 2020		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable Inputs (Level 3)
Executive savings plan assets	$ 766	$ 766	$ —
Executive savings plan liabilities	(644)	(644)	—
Total	$ 122	$ 122	$ —

We entered into a contingent consideration arrangement related to the acquisition of Bayonet. At June 30, 2021, we estimated the fair value of this contingent consideration liability at $4,147. The table below presents the fair value of this obligation, which used significant unobservable inputs (Level 3).

		Contingent Consideration Agreements
Fair value at September 30, 2020	$	—
Acquisitions		(4,074)
Net adjustments to fair value		(73)
Fair value at June 30, 2021	$	(4,147)

10. INVENTORY

Inventories consist of the following components:

	June 30, 2021	September 30, 2020
Raw materials	$ 5,264	$ 3,232
Work in process	5,928	4,894
Finished goods	1,537	1,186
Parts and supplies	58,833	15,577
Total inventories	$ 71,562	$ 24,889

11. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following summarizes changes in the carrying value of goodwill by segment for the nine months ended June 30, 2021:

	Communications	Residential	Infrastructure Solutions	Total
Goodwill at September 30, 2020	$ 2,816	$ 16,219	$ 34,728	$ 53,763
Acquisitions	—	34,902	3,362	38,264
Goodwill at June 30, 2021	$ 2,816	$ 51,121	$ 38,090	$ 92,027

Intangible Assets

Intangible assets consist of the following:

		June 30, 2021		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	$ 15,394	$ (2,591)	$ 12,803
Technical library	20	400	(156)	244
Customer relationships	6 - 15	96,879	(21,057)	75,822
Non-competition arrangements	5	40	(23)	17
Backlog and construction contracts	1	4,957	(4,542)	415
Total intangible assets		$ 117,670	$ (28,369)	$ 89,301

		September 30, 2020		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	$ 7,754	$ (1,741)	$ 6,013
Technical library	20	400	(141)	259
Customer relationships	6 - 15	46,449	(14,900)	31,549
Non-competition arrangements	5	40	(17)	23
Backlog and construction contracts	1	3,383	(1,870)	1,513
Total intangible assets		$ 58,026	$ (18,669)	$ 39,357

12. 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. As of June 30, 2021, we did not have any material pending legal proceedings.

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 June 30, 2021 and September 30, 2020, we had $5,642 and $6,254, respectively, accrued for self-insurance liabilities. 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 June 30, 2021 and September 30, 2020, $4,327 and $5,464, respectively, of our outstanding letters of credit were utilized to collateralize our insurance program.

Surety

As of June 30, 2021, the estimated cost to complete our bonded projects was approximately $98,342. 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.

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 each of June 30, 2021 and September 30, 2020, $200 of our outstanding letters of credit were to collateralize our vendors. Posting letters of credit in favor of our insurers, customers or vendors reduces the borrowing availability under our revolving credit facility.

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 June 30, 2021, we had commitments of $13,771 outstanding under agreements to purchase copper wire over the next four months in the ordinary course of business.

13. LEASES

We enter into various contractual arrangements for the right to use facilities, vehicles and equipment. The lease term generally ranges from two to ten years for facilities and three to five years for vehicles and equipment. Our lease terms may reflect the exercise of renewal or termination options when it is reasonably certain these options will be exercised. Our lease agreements do not contain any material residual value guarantees or restrictive covenants.

Current operating and finance liabilities of $13,668 and $832, respectively, as of June 30, 2021, and $11,056 and $418, respectively, as of September 30, 2020, were included in "Accounts payable and accrued expenses" in the Condensed Consolidated Balance Sheets. Non-current finance lease liabilities and finance lease right-of-use assets were included in the "Other non-current liabilities" and "Other non-current assets", respectively, in the Condensed Consolidated Balance Sheets.

The maturities of our lease liabilities as of June 30, 2021 are as follows:

	Operating Leases	Finance Leases	Total
Remainder of 2021	$ 7,263	$ 431	$ 7,694
2022	12,462	843	13,305
2023	8,534	831	9,365
2024	5,678	787	6,465
2025	4,152	503	4,655
Thereafter	9,245	63	9,308
Total undiscounted lease payments	$ 47,334	$ 3,458	$ 50,792
Less: imputed interest	4,835	303	5,138
Present value of lease liabilities	$ 42,499	$ 3,155	$ 45,654

The total future undiscounted cash flows related to lease agreements committed to but not yet commenced as of June 30, 2021 is $5,979.

Lease cost recognized in our Condensed Consolidated Statements of Comprehensive Income is summarized as follows:

	Three Months Ended		Nine Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Operating lease cost	$ 3,287	$ 2,967 $0	$ 10,337	$ 8,907
Finance lease cost				
Amortization of lease assets	176	64	418	124
Interest on lease liabilities	33	15	81	30
Finance lease cost	209	79	499	154
Short-term lease cost	330	327	880	802
Variable lease cost	321	190	954	618
Total lease cost	$ 4,147	$ 3,563	$ 12,670	$ 10,481

Other information about lease amounts recognized in our Condensed Consolidated Financial Statements is summarized as follows:

	Three Months Ended		Nine Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Operating cash flows used for operating leases	$ 3,401	$ 3,202	$ 11,051	$ 9,500
Operating cash flows used for finance leases	33	15	81	30
Right-of-use assets obtained in exchange for new operating lease liabilities	5,834	577	20,799	8,750
Right-of-use assets obtained in exchange for new finance lease liabilities	1,032	270	1,992	1,198

	June 30, 2021	September 30, 2020
Weighted-average remaining lease term - operating leases	5.1 years	4.3 years
Weighted-average remaining lease term - finance leases	4.3 years	4.4 years
Weighted-average discount rate - operating leases	3.8 %	3.9 %
Weighted-average discount rate - finance leases	4.5 %	5.1 %

14. BUSINESS COMBINATIONS AND DIVESTITURES

Fiscal 2021

The Company completed the following four acquisitions during the nine months ended June 30, 2021:

- Edmonson Electric, LLC ("Edmonson") - On May 18, 2021, we acquired an 80% ownership interest in Edmonson, a Land O'Lakes, Florida-based provider of residential electric, low voltage, and heating, ventilation and air conditioning (HVAC) installation services. The acquisition of Edmonson expands our presence in the Florida market and adds electrical to our Florida service offerings. Edmonson is part of our Residential segment and continues to operate under the Edmonson name.

- Bayonet Plumbing, Heating & Air-Conditioning, LLC ("Bayonet") - On December 21, 2020, we acquired an 80% ownership interest in Bayonet, a Hudson, Florida-based provider of residential HVAC and plumbing installation and maintenance services. The acquisition of Bayonet allows us to expand into the Florida market, while adding plumbing and HVAC to our service offerings. Bayonet is part of our Residential segment and continues to operate under the Bayonet name.

- Wedlake Fabricating, Inc. (“Wedlake”) - On November 19, 2020, we acquired Wedlake, a Tulsa, Oklahoma-based manufacturer of custom generator enclosures that are primarily used by data centers and large commercial and industrial facilities. The acquisition of Wedlake expands our generator enclosures business and our geographic footprint. Wedlake is part of our Infrastructure Solutions segment and continues to operate under the Wedlake name.

- K.E.P. Electric, Inc. (“KEP”) - On November 5, 2020, we acquired KEP, a Batavia, Ohio-based electrical contractor specializing in the design and installation of electrical systems for single-family housing and multi-family developments. The acquisition of KEP, which has operations in Ohio and Kentucky, advances the expansion of our Residential service offerings into the Midwest. KEP is part of our Residential segment and continues to operate under the KEP name.

Total aggregate cash consideration for these acquisitions was $92,694, of which $10,916 was paid into escrow pending discharge of the acquired companies' indebtedness under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security Act and implemented by the U.S. Small Business Administration. Loans made under the PPP are eligible to be forgiven if certain criteria are met. As of June 30, 2021, all PPP loans were forgiven and escrow payments have been distributed to the respective sellers.

In addition to the cash consideration, the purchase price also includes contingent consideration with respect to the acquisition of Bayonet of up to $4,500 due in December 2023. Amounts to be paid are contingent on earnings achieved over a three year period, and will accrue interest on the $4,500 at a rate of 3%, to be paid quarterly. This contingent liability was valued at $4,074 as of the date of the acquisition.

The Company accounted for the transactions under the acquisition method of accounting, which requires recording assets and liabilities at fair value (Level 3). The valuations derived from the estimated fair value assessments and assumptions used by management are preliminary pending finalization of certain tangible and intangible asset valuations and assessment of deferred taxes. While management believes the preliminary estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different values being assigned to individual assets acquired and liabilities assumed. This may result in further adjustments to the preliminary amounts recorded. The preliminary valuation of the assets acquired and liabilities assumed is as follows:

Current assets	$	36,256
Property and equipment		11,965
Intangible assets		59,695
Goodwill		38,264
Operating right of use assets		802
Current liabilities		(29,212)
Operating long-term lease liability		(342)
Deferred tax liability		(3,168)
Noncontrolling interest		(21,566)
Net assets acquired	$	92,694

With regard to goodwill, the balance is attributable to the workforce of the acquired businesses and other intangibles that do not qualify for separate recognition. In connection with these acquisitions, the preliminary estimate of acquired goodwill is $38,264 of which $24,611 is estimated to be tax deductible.

The intangible assets acquired primarily consisted of Customer Relationships and Trade Names with a total weighted-average amortization period of 6.4 years.

These acquisitions contributed $53,881 in revenue and $665 in operating income during the three months ended June 30, 2021. These acquisitions contributed $98,420 in revenue and $3,101 in operating income during the nine months ended June 30, 2021.

Fiscal 2020

We completed two acquisitions in fiscal 2020 for total aggregate cash consideration of $28,952. We acquired both Aerial Lighting & Electric, Inc. ("Aerial") and Plant Power and Control Systems, L.L.C. ("PPCS") in February 2020.

Unaudited Pro Forma Information

The following unaudited supplemental pro forma results of operations for the three and nine months ended June 30, 2021 and 2020 are calculated as if each acquisition occurred as of October 1 of the fiscal year prior to consummation.

	Unaudited			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Revenues	$ 419,553	$ 347,179	$ 1,147,234	$ 1,051,916
Net income attributable to IES Holdings, Inc.	$ 19,709	$ 14,751	$ 47,288	$ 31,370

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, 2020, 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 I, Item 1. *"Business"* of our Annual Report on Form 10-K for the year ended September 30, 2020, 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 that design and install integrated electrical and technology systems and provide infrastructure products and services across a variety of end markets, including data centers, residential housing, and commercial and industrial facilities. Our operations are currently organized into four principal business segments: Communications, Residential, Infrastructure Solutions and Commercial & Industrial.

Impact of COVID-19 and Current Market Conditions on Our Business

The coronavirus disease 2019 ("COVID-19") pandemic and its ongoing impact on markets and the supply chain continue to influence trends affecting our business. We are beginning to see indicators that some of our customers who delayed projects or reduced operations during the pandemic are resuming normal levels of activity. However, we continue to experience increased prices or limited availability for certain materials necessary for our projects, notably copper, steel, electrical components, and certain plastics.

The COVID-19 pandemic and related responses are continuing to evolve, and therefore, continue to present potential new risks to our business, particularly in light of new variants of the virus. To date, the COVID-19 pandemic has had a number of adverse impacts on our results of operations. While government restrictions and customer reductions in business activity have eased in most areas, we continue to monitor and implement evolving health and safety protocols. Factors that we expect will continue to affect our results of operations in the future include, but are not limited to, the potential impacts on our workforce of either illness or the shut-down of job sites; a reduced demand for our services; increases in operating costs due to disruptions and personal protective equipment requirements and other increased employment-related costs; potential supply chain disruptions; increased material prices; and limitations on the ability of our customers to pay us on a timely basis. We may also be more vulnerable to security breaches, cyber-attacks, computer viruses, ransomware, or other similar events, particularly with respect to employees working remotely.

We are continuing to monitor conditions affecting our business and will take actions as may be necessary to protect the health and safety of our employees and to serve our customers. The ultimate impact and the extent to which the COVID-19 pandemic will continue to affect our business, results of operations and financial condition are difficult to predict and depend on numerous evolving factors outside our control including: emergence of new variants of the virus; government, social, business and other actions that have been and will be taken in response to the pandemic; any additional waves of the virus; prevalence of vaccines and their ultimate efficacy on new variants of the virus; and the effect of the pandemic on short- and long-term general economic conditions.

We are continuing to experience increased prices for commodities such as copper and steel, as well as electrical components. Some materials, such as certain plastics, have also become more difficult to procure due to increased demand or limited availability. We seek to mitigate supply chain risk by maintaining relationships with multiple vendors, and to recoup higher materials costs through adjusted pricing. However, we may not be able to pass on all increased costs, and our suppliers may be unable to provide the materials we require. An inability to procure materials in a timely manner, or to reflect higher materials costs in our pricing to customers, could result in a loss of revenue or lower profit margins, and could have a significant impact on our operating results.

Please refer to Part I. Item 1A. "*Risk Factors*" of our Annual Report on Form 10-K for the year ended September 30, 2020 for further information.

RESULTS OF OPERATIONS

We report our operating results across our four operating segments: Communications, Residential, Infrastructure Solutions, and Commercial & Industrial. 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 June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 405,871	100.0 %	$ 293,125	100.0 %
Cost of services	333,042	82.1	234,805	80.1
Gross profit	72,829	17.9	58,320	19.9
Selling, general and administrative expenses	50,342	12.4	44,261	15.1
Contingent consideration	69	—	—	—
Gain on sale of assets	(32)	—	(3)	—
Operating income	22,450	5.5	14,062	4.8
Interest and other (income) expense, net	161	—	37	—
Income from operations before income taxes	22,289	5.5	14,025	4.8
Provision for income taxes	2,640	0.7	1,695	0.6
Net income	19,649	4.8	12,330	4.2
Net income attributable to noncontrolling interest	(348)	(0.1)	(70)	—
Net income attributable to IES Holdings, Inc.	$ 19,301	4.8 %	$ 12,260	4.2 %

Consolidated revenues for the three months ended June 30, 2021, were $112.7 million higher than for the three months ended June 30, 2020, an increase of 38.5%, with increases at all four of our operating segments driven by strong demand and the contribution of businesses acquired in fiscal 2021.

Consolidated gross profit for the three months ended June 30, 2021 increased $14.5 million compared to the three months ended June 30, 2020. Our overall gross profit percentage decreased to 17.9% during the three months ended June 30, 2021, as compared to 19.9% during the three months ended June 30, 2020. Gross profit as a percentage of revenue increased at our Commercial & Industrial segment, while decreasing at our Communications, Residential and Infrastructure Solutions segments. See further discussion below of changes in gross margin for our individual segments.

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 June 30, 2021, our selling, general and administrative expenses were $50.3 million, an increase of $6.1 million, or 13.7%, over the three months ended June 30, 2020, driven largely by increased personnel costs at our Residential operating segment in connection with its growth, and by expenses incurred at businesses acquired during fiscal 2021. Selling, general and administrative expense as a percent of revenue decreased from 15.1% for the three months ended June 30, 2020 to 12.4% for the three months ended June 30, 2021, as we benefited from the increased scale of our operations.

	Nine Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 1,052,670	100.0 %	$ 860,445	100.0 %
Cost of services	856,288	81.3	700,646	81.4
Gross profit	196,382	18.7	159,799	18.6
Selling, general and administrative expenses	140,783	13.4	124,169	14.4
Contingent consideration	142	—	—	—
Loss (gain) on sale of assets	(24)	—	(40)	—
Operating income	55,481	5.3	35,670	4.1
Interest and other (income) expense, net	389	—	1,005	0.1
Income from operations before income taxes	55,092	5.2	34,665	4.0
Provision for income taxes	9,890	0.9	7,592	0.9
Net income (loss)	45,202	4.3	27,073	3.1
Net income attributable to noncontrolling interest	(967)	(0.1)	(80)	—
Net income (loss) attributable to IES Holdings, Inc.	$ 44,235	4.2 %	$ 26,993	3.1 %

Consolidated revenues for the nine months ended June 30, 2021, were $192.2 million higher than for the nine months ended June 30, 2020, an increase of 22.3%, with increases at our Communications, Residential, and Infrastructure Solutions segments, driven by strong demand and the contribution of acquired businesses. Revenues decreased at our Commercial & Industrial segment.

Our overall gross profit percentage increased slightly to 18.7% during the nine months ended June 30, 2021, as compared to 18.6% during the nine months ended June 30, 2020. Gross profit as a percentage of revenue increased at our Communications, Infrastructure Solutions, and Commercial & Industrial segments, but decreased at our Residential segment. See further discussion below of changes in gross margin for our individual segments.

During the nine months ended June 30, 2021, our selling, general and administrative expenses were $140.8 million, an increase of $16.6 million, or 13.4%, over the nine months ended June 30, 2020, driven by increased personnel costs at our Communications and Residential operating segments in connection with their growth, increased incentive compensation in connection with improved results at those segments, and the impact of businesses acquired during fiscal 2021. Selling, general and administrative expense as a percent of revenue decreased from 14.4% for the nine months ended June 30, 2020, to 13.4% for the nine months ended June 30, 2021.

Communications

	Three Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 116,218	100.0 %	$ 96,500	100.0 %
Cost of services	95,582	82.2	77,792	80.6
Gross profit	20,636	17.8	18,708	19.4
Selling, general and administrative expenses	10,783	9.3	9,316	9.7
Gain on sale of assets	(7)	— %	—	— %
Operating income	$ 9,860	8.5 %	$ 9,392	9.7 %

Revenues. Our Communications segment's revenues increased by $19.7 million during the three months ended June 30, 2021, or 20.4%, compared to the three months ended June 30, 2020. The increase primarily resulted from increased demand from our data center and distribution center customers.

Gross Profit. Our Communications segment's gross profit during the three months ended June 30, 2021 increased by $1.9 million compared to the three months ended June 30, 2020. Gross profit as a percentage of revenue decreased from 19.4% to 17.8% as we invested in hiring and training personnel, particularly in estimating and project management, to grow the business.

Selling, General and Administrative Expenses. Our Communications segment's selling, general and administrative expenses increased by $1.5 million, or 15.8%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase is a result of higher personnel cost, particularly related to higher incentive compensation expense in connection with improved profitability. We also experienced a more typical level of selling expense for the three months ended June 30, 2021 as compared to the same period in 2020, when travel and other activities were curtailed due to the pandemic. Selling, general and administrative expenses as a percentage of revenue in the Communications segment were 9.3% during the three months ended June 30, 2021, compared to 9.7% for the three months ended June 30, 2020.

	Nine Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 309,460	100.0 %	$ 276,779	100.0 %
Cost of services	250,738	81.0	225,866	81.6
Gross profit	58,722	19.0	50,913	18.4
Selling, general and administrative expenses	29,739	9.6	27,304	9.9
Gain on sale of assets	(7)	—	(9)	—
Operating income	$ 28,990	9.4 %	$ 23,618	8.5 %

Revenues. Our Communications segment's revenues increased by $32.7 million during the nine months ended June 30, 2021, or 11.8%, compared to the nine months ended June 30, 2020. The increase primarily resulted from increased demand from our data center and distribution center customers.

Gross Profit. Our Communications segment's gross profit during the nine months ended June 30, 2021 increased $7.8 million, or 15.3%, as compared to the nine months ended June 30, 2020. Gross profit as a percentage of revenue increased from 18.4% to 19.0%, as our margins benefited from the impact of an increased volume of work relative to our fixed costs.

Selling, General and Administrative Expenses. Our Communications segment's selling, general and administrative expenses increased $2.4 million, or 8.9%, during the nine months ended June 30, 2021, compared to the nine months ended June 30, 2020. The increase was 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 from 9.9% to 9.6% of segment revenue during the nine months ended June 30, 2021, compared to the nine months ended June 30, 2020.

Residential

	Three Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 186,449	100.0 %	$ 107,905	100.0 %
Cost of services	152,778	81.9	82,192	76.2
Gross profit	33,671	18.1	25,713	23.8
Selling, general and administrative expenses	22,634	12.1	16,767	15.5
Contingent consideration	69	—	—	—
Loss on sale of assets	8	—	—	—
Operating income	$ 10,960	5.9 %	$ 8,946	8.3 %

Revenues. Our Residential segment's revenues increased by $78.5 million, or 72.8%, during the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase was driven by the revenue contributed by the businesses acquired in fiscal 2021, strong demand for single-family and multi-family housing and the impact of price increases in connection with a higher cost of materials. Businesses acquired during fiscal 2021 contributed $51.5 million of the total increase in revenue for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. Inclusive of those acquired businesses, single-family revenues and multi-family and other revenues increased by $39.9 million and $38.7 million, respectively, for the three months ended June 30, 2021 compared to 2020. Excluding the impact of the fiscal 2021 acquisitions, our Residential segment's revenues grew by 25.1% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

Gross Profit. During the three months ended June 30, 2021, our Residential segment's gross profit increased by $8.0 million, or 30.9%, compared to the three months ended June 30, 2020. The increase in gross profit was driven primarily by contributions from the 2021 acquisitions and higher volumes, partly offset by increased commodity prices. Gross profit as a percentage of revenue decreased to 18.1% during the three months ended June 30, 2021, from 23.8% for the three months ended June 30, 2020, primarily as a result of increased commodity prices.

Selling, General and Administrative Expenses. Our Residential segment's selling, general and administrative expenses increased by $5.9 million, or 35.0%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020. Selling, general and administrative expenses incurred at businesses acquired during fiscal 2021, including amortization of intangible assets, contributed $6.2 million of the net increase. Selling, general and administrative expenses as a percentage of revenue in the Residential segment decreased to 12.1% of segment revenue during the three months ended June 30, 2021, compared to 15.5% in the three months ended June 30, 2020.

	Nine Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 456,276	100.0 %	$ 300,660	100.0 %
Cost of services	368,887	80.8	231,891	77.1
Gross profit	87,389	19.2	68,769	22.9
Selling, general and administrative expenses	61,570	13.5	46,241	15.4
Contingent consideration	142	—	—	—
Loss on sale of assets	60	—	—	—
Operating income	$ 25,617	5.6 %	$ 22,528	7.5 %

Revenues. Our Residential segment's revenues increased by $155.6 million, or 51.8%, during the nine months ended June 30, 2021, compared to the nine months ended June 30, 2020, reflecting the revenue contribution of businesses acquired in fiscal 2021, strong demand for single-family and multi-family housing and the impact of price increases in connection with a higher cost of materials. Businesses acquired in fiscal 2021 contributed $93.1 million of the total increase in revenue for the nine months ended June 30, 2021 compared to the nine months ended June 30, 2020. Inclusive of these acquired businesses, revenue in our single-family business increased by $98.6 million for the nine months ended June 30, 2021, compared to the nine months ended June 30, 2020, while multi-family and other revenue increased by $57.0 million. Excluding the impact of the businesses acquired during fiscal 2021, our Residential segment's revenues grew by 20.8% for the nine months ended June 30, 2021.

Gross Profit. During the nine months ended June 30, 2021, our Residential segment's gross profit increased by $18.6 million, or 27.1%, as compared to the nine months ended June 30, 2020. The increase in gross profit was driven primarily by contributions from the businesses acquired in fiscal 2021 and higher volumes, partly offset by increased commodity prices. Gross margin as a percentage of revenue decreased to 19.2% during the nine months ended June 30, 2021, from 22.9% during the nine months ended June 30, 2020, primarily as a result of higher commodity prices.

Selling, General and Administrative Expenses. Our Residential segment's selling, general and administrative expenses increased by $15.3 million, or 33.2%, during the nine months ended June 30, 2021, compared to the nine months ended June 30, 2020. Selling, general and administrative expenses incurred at the businesses acquired during fiscal 2021, including amortization of intangible assets, contributed $11.1 million of the increase. The remaining increase was driven by higher personnel cost in connection with business growth, including incentive profit sharing for division management. Selling, general and administrative expenses as a percentage of revenues in the Residential segment decreased to 13.5% of segment revenue during the nine months ended June 30, 2021, from 15.4% during the nine months ended June 30, 2020, as we benefited from the increased scale of our operations.

Infrastructure Solutions

	Three Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 39,117	100.0 %	$ 31,942	100.0 %
Cost of services	28,374	72.5	22,609	70.8
Gross profit	10,743	27.5	9,333	29.2
Selling, general and administrative expenses	5,961	15.2	5,512	17.3
Loss (gain) on sale of assets	(1)	—	3	—
Operating income	$ 4,783	12.2 %	$ 3,818	12.0 %

Revenues. Revenues in our Infrastructure Solutions segment increased $7.2 million during the three months ended June 30, 2021, an increase of 22.5% compared to the three months ended June 30, 2020. The increase in revenue was driven primarily by increased demand for our custom power solutions.

Gross Profit. Our Infrastructure Solutions segment's gross profit during the three months ended June 30, 2021 increased $1.4 million as compared to the three months ended June 30, 2020, reflecting higher volume and improved efficiency of execution in our custom power solutions business. Gross profit as a percentage of revenue decreased from 29.2% to 27.5%, as a result of lower margins at the businesses acquired in fiscal 2020 and fiscal 2021, as we work toward fully integrating our standard operational processes at those facilities.
Selling, General and Administrative Expenses. Our Infrastructure Solutions segment's selling, general and administrative expenses during the three months ended June 30, 2021 increased $0.4 million when compared to the three months ended June 30, 2020, primarily as a result of expense incurred at a business acquired during fiscal 2021, including amortization of intangible assets. Selling, general and administrative expenses as a percent of revenue decreased from 17.3% to 15.2%.

	Nine Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 108,234	100.0 %	$ 92,525	100.0 %
Cost of services	76,999	71.1	68,177	73.7
Gross profit	31,235	28.9	24,348	26.3
Selling, general and administrative expenses	17,787	16.4	14,923	16.1
Loss (gain) on sale of assets	(1)	—	3	—
Operating income	$ 13,449	12.4 %	$ 9,422	10.2 %

Revenues. Revenues in our Infrastructure Solutions segment increased $15.7 million, or 17.0%, during the nine months ended June 30, 2021 compared to the nine months ended June 30, 2020. The increase in revenue was driven primarily by businesses acquired during fiscal 2020 and 2021, which contributed $10.5 million of the increase in revenue for the nine months ended June 30, 2021 compared to the nine months ended June 30, 2020. Increased demand for our custom power solutions was partially offset by lower revenue from our industrial services business. The demand for our motor repair services continues to be affected by reduced demand from customers in the steel and rail industries.

Gross Profit. Our Infrastructure Solutions segment's gross profit during the nine months ended June 30, 2021 increased $6.9 million as compared to the nine months ended June 30, 2020, reflecting improved overall operational efficiencies. Gross profit as a percentage of revenues increased to 28.9% for the nine months ended June 30, 2021 compared to 26.3% for the nine months ended June 30, 2020, largely as the result of those efficiencies, as management has continued to focus on procurement, engineering, and quality.

Selling, General and Administrative Expenses. Our Infrastructure Solutions segment's selling, general and administrative expenses during the nine months ended June 30, 2021 increased $2.9 million compared to the nine months ended June 30, 2020, primarily as a result of expenses incurred at businesses acquired during fiscal 2020 and 2021, including amortization of intangible assets. These businesses contributed $2.4 million of the increase for the nine months ended June 30, 2021, compared to the nine months ended June 30, 2020. Selling, general and administrative expenses as a percent of revenue increased from 16.1% for the nine months ended June 30, 2020 to 16.4% for the nine months ended June 30, 2021, primarily as a result of the increase in amortization expense.

Commercial & Industrial

	Three Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 64,087	100.0 %	$ 56,778	100.0 %
Cost of services	56,308	87.9	52,212	92.0
Gross profit	7,779	12.1	4,566	8.0
Selling, general and administrative expenses	6,781	10.6	8,786	15.5
Gain on sale of assets	(32)	—	(6)	—
Operating income (loss)	$ 1,030	1.6 %	$ (4,214)	(7.4) %

Revenues. Revenues in our Commercial & Industrial segment increased $7.3 million, or 12.9%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020. Our Commercial & Industrial segment has been affected by the COVID-19 pandemic, which resulted in delays in awarding new projects and decreased demand for new construction in certain sectors we serve. During the three months ended June 30, 2021, we have started to see more typical levels of activity in the awarding of new contracts. However, this market remains highly competitive.

Gross Profit. Our Commercial & Industrial segment's gross profit during the three months ended June 30, 2021, increased by $3.2 million, as compared to the three months ended June 30, 2020. We have adjusted our cost structure in response to a highly competitive market, and have improved our procurement process and achieved operating efficiencies on certain projects. Gross profit as a percentage of revenue increased from 8.0% for the three months ended June 30, 2020, to 12.1% for the three months ended June 30, 2021.

Selling, General and Administrative Expenses. Our Commercial & Industrial segment's selling, general and administrative expenses during the three months ended June 30, 2021 decreased $2.0 million, or 22.8%, compared to the three months ended June 30, 2020 as a result of costs incurred in 2020 to improve our procurement process. For 2021, we have benefited from changes to our cost structure implemented in the prior year, as well as a continued focus on controlling costs. Selling, general and administrative expenses as a percentage of revenue decreased from 15.5% to 10.6% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020, as we benefited from the increased scale of our operations, as well as an improved cost structure.

	Nine Months Ended June 30,			
	2021		2020	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 178,700	100.0 %	$ 190,481	100.0 %
Cost of services	159,664	89.3	174,712	91.7
Gross profit	19,036	10.7	15,769	8.3
Selling, general and administrative expenses	19,949	11.2	24,660	12.9
Gain on sale of assets	(49)	—	(34)	—
Operating income (loss)	$ (864)	(0.5) %	$ (8,857)	(4.6) %

Revenues. Revenues in our Commercial & Industrial segment decreased $11.8 million during the nine months ended June 30, 2021, or 6.2%, compared to the nine months ended June 30, 2020. The decrease was largely driven by a reduction in time-and-material work, as well as lower demand for large, agricultural projects. The market for our Commercial & Industrial segment's services remains highly competitive, and disruptions caused by the COVID-19 pandemic resulted in some delays in the awarding of new projects and the progress of certain existing projects, as well as decreased demand for new construction in certain sectors we serve, particularly through the first six months of fiscal 2021. However, we have seen an increase in activity during the past few months, as many of our customers have reverted to more typical levels of activity.

Gross Profit. Our Commercial & Industrial segment's gross profit during the nine months ended June 30, 2021 increased by $3.3 million, or 20.7%, as compared to the nine months ended June 30, 2020. We have improved project efficiency and our procurement process, and as a result, gross profit as a percentage of revenue increased from 8.3% for the nine months ended June 30, 2020, to 10.7% for the nine months ended June 30, 2021.

Selling, General and Administrative Expenses. Our Commercial & Industrial segment's selling, general and administrative expenses during the nine months ended June 30, 2021 decreased $4.7 million, or 19.1%, compared to the nine months ended June 30, 2020. The higher expense in fiscal 2020 primarily reflected a write-off recorded in 2020 related to a commercial dispute, as well as cost incurred in 2020 to improve our procurement process. Selling, general and administrative expenses as a percentage of revenue decreased despite lower volumes, from 12.9% for the nine months ended June 30, 2020 to 11.2% for the nine months ended June 30, 2021.

INTEREST AND OTHER EXPENSE, NET

	Three Months Ended June 30,	
	2021	2020
	(In thousands)	
Interest expense	$ 189	$ 159
Deferred financing charges	51	110
Total interest expense	240	269
Other income, net	(79)	(232)
Total interest and other expense, net	$ 161	$ 37

During the three months ended June 30, 2021, we incurred interest expense of $0.2 million primarily comprised of interest expense from our revolving credit facility, fees on an average letter of credit balance of $5.8 million under our revolving credit facility and fees on an average unused line of credit balance of $76.9 million. This compares to interest expense of $0.3 million for the three months ended June 30, 2020, primarily comprised of interest expense from our revolving credit facility, fees on an average letter of credit balance of $7.0 million under our revolving credit facility and fees on an average unused line of credit balance of $88.3 million.

	Nine Months Ended June 30,	
	2021	2020
	(In thousands)	
Interest expense	$ 492	$ 514
Deferred financing charges	145	314
Total interest expense	637	828
Other (income) expense, net	(248)	177
Total interest and other expense, net	$ 389	$ 1,005

During the nine months ended June 30, 2021, we incurred interest expense of $0.6 million primarily comprised of interest expense from our revolving credit facility, fees on an average letter of credit balance of $6.1 million under our revolving credit facility and fees on an average unused line of credit balance of $85.0 million. This compares to interest expense of $0.8 million for the nine months ended June 30, 2020, primarily comprised of interest expense from our revolving credit facility, fees on an average letter of credit balance of $7.1 million under our revolving credit facility and fees on an average unused line of credit balance of $88.3 million.

PROVISION FOR INCOME TAXES

We recorded income tax expense of $2.6 million for the three months ended June 30, 2021, compared to income tax expense of $1.7 million for the three months ended June 30, 2020. For the three months ended June 30, 2021 and 2020, our income tax expense was partly offset by benefits of $3.3 million and $2.0 million, respectively, associated with the recognition of previously unrecognized tax benefits.

We recorded income tax expense of $9.9 million for the nine months ended June 30, 2021, compared to income tax expense of $7.6 million for the nine months ended June 30, 2020. For the nine months ended June 30, 2021 and 2020, our income tax expense was partly offset by benefits of $4.2 million and $2.6 million, respectively, associated with the recognition of previously unrecognized tax benefits.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations is based on 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 ("GAAP"). 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 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.

REMAINING PERFORMANCE OBLIGATIONS AND BACKLOG

Remaining performance obligations represent the unrecognized revenue value of our contract commitments. While backlog is not a defined term under GAAP, it is a common measurement used in our industry, and we believe it improves our ability to forecast future results and identify operating trends that may not otherwise be apparent. 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 are completed on a short-term basis and are therefore excluded from backlog. The table below summarizes our remaining performance obligations and backlog:

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Remaining performance obligations	$ 669	$ 614	$ 525	$ 505
Agreements without an enforceable obligation (1)	156	93	107	97
Backlog	$ 825	$ 707	$ 632	$ 602

(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.

WORKING CAPITAL

During the nine months ended June 30, 2021, working capital exclusive of cash increased by $41.8 million from September 30, 2020, reflecting an $88.8 million increase in current assets excluding cash and a $47.1 million increase in current liabilities during the period.

During the nine months ended June 30, 2021, our current assets exclusive of cash increased to $406.7 million, as compared to $317.9 million as of September 30, 2020, primarily as a result of a $46.7 million increase in inventory. Certain materials we carry in inventory, particularly copper wire, have increased in price. Further, we have increased the quantity of inventory we are currently carrying to manage procurement risks, as some of our key suppliers have increased lead times necessary to fill our orders. We also acquired $12.9 million of inventory in business combinations during the nine months ended June 30, 2021. Prepaid expenses and other current assets increased by $11.0 million, largely as a result of deposits made to secure future deliveries of materials. A seasonal increase in accounts receivable, as well as the addition of accounts receivable at acquired businesses, drove a $30.8 million increase in trade accounts receivable. Days sales outstanding reduced to 54 at June 30, 2021 from 61 at September 30, 2020. 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 nine months ended June 30, 2021, our total current liabilities increased by $47.1 million to $289.5 million, compared to $242.4 million as of September 30, 2020, primarily related to an increase in accounts payable and accrued liabilities. A seasonal increase in accounts payable and accrued liabilities, as well as current liabilities at businesses acquired, drove the increase.

Surety

We believe the bonding capacity provided by our sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. As of June 30, 2021, the estimated cost to complete our bonded projects was approximately $98.3 million.

LIQUIDITY AND CAPITAL RESOURCES

The Revolving Credit Facility

We maintain a $100 million revolving credit facility pursuant to a credit agreement with Wells Fargo Bank, N.A. ("Wells Fargo") that matures on September 30, 2024 (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 June 30, 2021, 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 20% of the Maximum Revolver Amount (as defined in the Amended Credit Agreement), or $20 million; with, for purposes of this covenant, at least 50% of our Liquidity comprised of Excess Availability (as defined in the Amended Credit Agreement).

At June 30, 2021, our Liquidity was $81.8 million, our Excess Availability was $64.3 million (or greater than 50% of minimum Liquidity), and our Fixed Charge Coverage Ratio was 20.4:1.0.

If in the future our Liquidity falls below $20 million (or Excess Availability falls below 50% of our minimum Liquidity), our Fixed Charge Coverage Ratio is less than 1.1:1.0, 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 then-outstanding indebtedness becoming immediately due and payable.

At June 30, 2021, we had $4.5 million in outstanding letters of credit with Wells Fargo and outstanding borrowings of $30.5 million under our revolving credit facility.

Operating Activities

Our cash flow from operations is not only influenced by cyclicality, 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 $35.1 million during the nine months ended June 30, 2021, as compared to $55.6 million of net cash provided in the nine months ended June 30, 2020. The decrease in operating cash flow resulted from an increase in working capital, particularly related to inventory. As commodity prices have increased, we have also experienced longer lead times for deliveries, and reduced availability for certain products we procure, particularly copper wire. As a result, we have increased the amount of inventory we are currently carrying in an effort to ensure the availability of materials to serve our customers. This increase in working capital was partly offset by higher earnings during the nine months ended June 30, 2021.

Investing Activities

Net cash used in investing activities was $97.9 million for the nine months ended June 30, 2021, compared to $32.6 million for the nine months ended June 30, 2020. We used $92.7 million for business acquisitions and $5.4 million for capital expenditures in the nine months ended June 30, 2021. For the nine months ended June 30, 2020, we used $29.0 million to complete two acquisitions and $3.7 million for capital expenditures.

Financing Activities

Net cash used in financing activities for the nine months ended June 30, 2021 was $27.7 million, compared to $6.1 million provided by financing activities for the nine months ended June 30, 2020. Net cash used by financing activities included $1.5 million used to repurchase our shares to satisfy statutory withholding requirements upon the vesting of employee stock compensation. We also paid $1.5 million to noncontrolling interest holders, $1.2 million of which was used to purchase the remaining equity interests in STR Mechanical, LLC. For the nine months ended June 30, 2020, we drew $592.6 million and repaid $592.6 million on our revolving credit facility. Additionally, we used $5.4 million for market repurchases under our stock repurchase plan as well as to repurchase our shares to satisfy statutory withholding requirements upon the vesting of employee stock compensation.

Stock Repurchase Program

In 2015, our Board 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, and on May 2, 2019, our Board authorized the repurchase from time to time of up to an additional 1.0 million shares of the Company's common stock under the stock repurchase program. 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 no shares pursuant to this program during the nine months ended June 30, 2021.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

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 June 30, 2021, we had commitments of $13.8 million outstanding under such agreements to purchase copper wire over the next four months in the ordinary course of business. There have been no other 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, 2020.

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 borrowings under our revolving credit facility. 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 Part I, Item 1A. "*Risk Factors*" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020, and Part II, Item 1A "*Risk Factors*" of our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2021.

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.

Interest Rate Risk

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 rate terms. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest when we have outstanding borrowings under our revolving credit facility. If LIBOR or its replacement benchmark were to increase, our interest payment obligations on any then-outstanding borrowings would increase, having a negative effect on our cash flow and financial condition. A one percentage point increase in the interest rate on our long-term debt outstanding under the credit facility as of June 30, 2021 would cause a $0.3 million pre-tax annual increase in interest expense.

In July 2017, the Financial Conduct Authority (the "FCA"), the regulatory authority over LIBOR, stated that it would phase out LIBOR as a benchmark after 2021 to allow for an orderly transition to an alternative reference rate. In November 2020, the ICE Benchmark Administration (the "IBA") announced that it intends to continue publishing LIBOR until the end of June 2023, beyond the previously announced 2021 cessation date. The IBA announcement was supported by announcements from the FCA and the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency (collectively, the "U.S. Regulators"). However, both the FCA and U.S. Regulators in their announcements also advised banks to cease entering into new contracts referencing LIBOR after December 2021. These announcements indicate that the continuation of LIBOR on the current basis may not be assured after 2021 and will not be assured beyond June 2023. In light of these recent announcements, the future of LIBOR at this time is uncertain, and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phase-out could cause LIBOR to perform differently than in the past or cease to exist.

In the United States, the Alternative Reference Rates Committee (the working group formed to recommend an alternative rate to LIBOR) has identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for LIBOR. On July 29, 2021, the Alternative Reference Rates Committee announced that it is formally recommending SOFR term rates. Even with this update, there can be no guarantee that SOFR will become a widely-accepted benchmark in place of LIBOR. Although the full impact of the transition away from LIBOR, including the discontinuance of LIBOR publication and the adoption of SOFR as the replacement rate for LIBOR, remains unclear, these changes may have an adverse impact on our floating rate indebtedness and financing costs under our revolving credit facility.

Our Amended Credit Agreement provides for a mechanism to amend the facility to reflect the establishment of an alternative rate of interest upon the occurrence of certain events related to the phase-out of LIBOR. However, we have not yet pursued any technical amendment or other contractual alternative to address this matter and are currently evaluating the impact of the potential replacement of the LIBOR interest rate.

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 June 30, 2021, 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 12, “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***

Except as set forth herein, and under Item 1A. "*Risk Factors*" in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2021, there have been no material changes to the risk factors disclosed under Item 1A. *"Risk Factors"* in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

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

None.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***Mine Safety Disclosures***

None.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit No.	Description
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 —	Certificate of Elimination of Series A Junior Participating Preferred Stock of IES Holdings, Inc., as filed with the Secretary of State of the State of Delaware on May 24, 2021 (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on May 24, 2021.
3.4 —	Amended and Restated Bylaws of IES Holdings, Inc., effective April 28, 2021. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q filed on April 30, 2021).
4.1 —	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)
4.2 —	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)
4.3 —	Amendment No. 1 to Tax Benefit Protection Plan Agreement, dated May 7, 2021, by and between IES Holdings, Inc. and American Stock Transfer & Trust Company, LLC (Incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on May 10, 2021.
10.1 —	Joinder, Limited Consent and Eighth Amendment to Second Amended and Restated Credit and Security Agreement, dated as of May 18, 2021, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank National Association (1)
31.1 —	Rule 13a-14(a)/15d-14(a) Certification of Jeffrey L. Gendell, Chief Executive Officer (1)
31.2 —	Rule 13a-14(a)/15d-14(a) Certification of Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer (1)
32.1 —	Section 1350 Certification of Jeffrey L. Gendell, Chief Executive Officer (2)
32.2 —	Section 1350 Certification of Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer (2)
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (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)
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

(1) Filed herewith.
(2) Furnished herewith.
* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 5, 2021.

IES HOLDINGS, INC.

By: /s/ TRACY A. MCLAUCHLIN

Tracy A. McLauchlin
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer and Authorized Signatory)

EXHIBIT 10.1

JOINDER, LIMITED CONSENT, AND EIGHTH AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

This JOINDER, LIMITED CONSENT, AND EIGHTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (this "Amendment"), dated May 18, 2021, is made and entered into by and among **IES HOLDINGS, INC.**, a Delaware corporation, on behalf of itself and each other Borrower and Guarantor (the "Administrative Borrower"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION** ("Lender").

RECITALS

A. WHEREAS, Borrowers, Guarantors and Lender have entered into that certain Second Amended and Restated Credit and Security Agreement dated as of April 10, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

B. WHEREAS, IES Residential, Inc., a Delaware corporation ("IES Residential") desires to enter into that certain Equity Purchase Agreement attached hereto as Exhibit A (the "Purchase Agreement" dated on or about May 18, 2021, by and among IES Residential, Edmonson Electric, LLC, a Florida limited liability company (the "New Borrower"), Dei Gratia 21 Holdings, Inc., a Florida corporation (“Holdco”), Kevin K. Edmonson Revocable Trust U/A/D May 26, 2017, (“Edmonson Trust”), Kevin K. Edmonson (“Edmonson”), and Michele L. Eleyet (“Eleyet” and together with Holdco, Edmonson Trust and Edmonson, the “Sellers”), whereby the Sellers will sell and transfer 80% of the Stock of New Borrower to IES Residential (the "Acquisition") in violation of Section 7.11 of the Credit Agreement which, in absence the effect of this Amendment, would be an Event of Default under Section 9.2(a) of the Credit Agreement.

C. WHEREAS, Administrative Borrower, on behalf of itself and each other Borrower and Guarantor, has requested that Lender (i) consent to the Acquisition, (ii) join New Borrower as a Borrower to the Credit Agreement, and (iii) amend certain provisions in the Credit Agreement as set forth herein.

D. WHEREAS, Lender has agreed to (i) consent to the Acquisition, (ii) join New Borrower as a Borrower to the Credit Agreement, and (iii) amend the Credit Agreement in connection with the consummation of the Acquisition on the terms and conditions as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound agree as follows:

ARTICLE I
AMENDMENT

Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended and supplemented as follows:

1.01 Amendment to Section 6.12(i). Section 6.12(i) of the Credit Agreement is hereby amended by deleting the reference to "(other than the Permitted Petty Cash Account)" set forth therein and inserting "(other than the Permitted Petty Cash Account and the Permitted Florida Statutory Account)" in lieu thereof.

1.02 Amendment to Section 7.11(b). Section 7.11(b) of the Credit Agreement is hereby amended by (a) deleting the reference to "and" at the end of clause (i), and (b) inserting ", and (iii) the Permitted Florida Statutory Account, " at the end of clause (ii) therein.

1.03 Amendment to Section 7.12. Section 7.12 of the Credit Agreement is hereby amended by (a) deleting clause (g) in its entirety, and (b) amending and restating clauses (e) and (f) in their entirety as follows:

(e) so long as no Default or Event of Default has occurred and is continuing, any Loan Party may make additional capital contributions (other than those described in clause (f) below) to STR Mechanical, Bayonet, NEXT, Edmonson, and any other non-wholly owned Subsidiary of any Loan Party acquired pursuant to a Permitted Acquisition (or any other Acquisition consented to by Lender, in writing, in its sole discretion) in an aggregate not to exceed $750,000 to any single Subsidiary; and

(f) any Loan Party may purchase, in cash, Stock of STR Mechanical, Bayonet, NEXT, Edmonson, and any other non-wholly owned Subsidiary of any Loan Party acquired pursuant to a Permitted Acquisition (or any other Acquisition consented to by Lender, in writing, in its sole discretion), so long as, in each case, after giving effect to such purchase, (i) no Default or Event of Default has occurred or is continuing, and (ii) Borrowers have Liquidity of at least twenty-five percent (25%) of the Maximum Revolver Amount; provided, that for purposes of compliance with this clause (f), at least fifty percent (50%) of Borrowers' Liquidity shall be comprised of Excess Availability.

1.04 Amendments to Schedule 1.1.

(a) Schedule 1.1 of the Credit Agreement is hereby amended by adding the following defined terms in the appropriate alphabetical order:

"Edmonson" means Edmonson Electric, LLC, a Florida limited liability company.

"Eighth Amendment Effective Date" means May 18, 2021.

"Permitted Florida Statutory Account" means that certain Deposit Account of Bayonet and disclosed, in writing, to Lender established solely for the purpose of holding the required statutory amount of unencumbered net assets and unearned premium reserve required pursuant to Chapter 634, Florida Statutes, as in effect from time to time, provided, that if the balance in such account exceeds the amount required by the applicable statute, Bayonet shall promptly (and in any event within two (2) Business Days) transfer such excess out of the Permitted Florida Statutory Account to a Deposit Account maintained by Lender and accordingly under the "control" of Lender in accordance with Section 9-104(a)(1) of the Code.

(b) The defined term "Accounts Availability Amount" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) restyling clause (i) as clause (a), and (ii) restyling clause (ii) as clause (b).

(c) The defined term "Acquisition" in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Acquisition" means (a) the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all (or such lesser amount as Lender may approve, in writing, in its sole discretion) of the assets of (or any division or business line of) any other Person, or (b) the purchase or other acquisition (whether by means of a merger, consolidation, or otherwise) by a Person or its Subsidiaries of all or substantially all (or such lesser amount as Lender may approve, in writing, in its sole discretion) of the Equity Interests of any other Person.

(d) The defined term "Borrowing Base" in Schedule 1.1 of the Credit Agreement is hereby amended to insert the following sentence at the end thereof:

Notwithstanding the foregoing, any Accounts, Equipment, or Inventory acquired in connection with any Permitted Acquisition shall not be included in the calculation of the Borrowing Base until the completion of an appraisal and field examination of such Accounts, Equipment, or Inventory, in each case, with results satisfactory to the Lender in its Permitted Discretion.

(e) The defined term "Change of Control" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting the reference in clause (c) to "(other than STR Mechanical") and inserting "(other than STR Mechanical, Bayonet, NEXT, and Edmonson)" in lieu thereof, (ii) deleting the word "or" at the end of clause (e), (iii) restyling clause (g) as clause (f), and (iv) inserting the following at the end of clause (f) and before the period:

, (g) IES Residential or another Loan Party (subject to execution of a Pledged Interests Addendum pursuant to Section 6.12(h)(iii)) owns less eighty percent (80%) (or less than such greater amount that IES Residential or another Loan Party may own from time to time following the Eighth Amendment

Effective Date) of the membership interests of Edmonson, or (h) the Loan Parties (subject to execution of a Pledged Interests Addendum pursuant to Section 6.12(h)(iii)) decrease the percentage of membership interests or Stock of any non-wholly owned Subsidiary of a Loan Party acquired pursuant to a Permitted Acquisition (or any other Acquisition consented to by Lender, in writing, in its sole discretion) below the same percentage of membership interests or Stock owned by the Loan Parties as of the closing date of such Permitted Acquisition or any other Acquisition consented to by Lender, in writing, in its sole discretion (or below such greater percentage that the Loan Parties may own from time to time following the closing date of the applicable Permitted Acquisition or any other applicable Acquisition consented to by Lender, in writing, in its sole discretion).

(f) The defined term “Excluded Collateral” in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting the reference to “and” at the end of clause (b) set forth therein and inserting ",” in lieu thereof, and (ii) inserting new clause (d) to read as follows:

and (d) the Permitted Florida Statutory Account.

(g) The defined term "Permitted Acquisition" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting clause (k) in its entirety, (ii) deleting the reference to ", and" at the end of clause (j) and inserting "." in lieu thereof, and (iii) inserting the word "and" at the end of clause (i) therein.

(h) The defined term "Permitted Indebtedness" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting the reference to "and" at the end of clause (l) set forth therein, (ii) amending and restating clause (m) set forth therein in its entirety as set forth below, and (iii) inserting new clause (n) in its appropriate place as set forth below:

(m) other unsecured or secured Indebtedness in an amount that shall not exceed $5,000,000 in the aggregate at any time; provided, that any Liens on such Indebtedness shall be subject to the limitations in clause (h) of the definition of Permitted Liens; and

(n) Indebtedness of a Subsidiary of a Loan Party acquired pursuant to a Permitted Acquisition (or any other Acquisition consented to by Lender, in writing, in its sole discretion) incurred under 15 U.S.C. 636(a)(36) (as added to the Small Business Act by Section 1102 of the CARES Act) (a "Target PPP Loan"), so long as, the Loan Parties or such Subsidiary have established an escrow account controlled by the lender of such Target PPP Loan in the amount of the outstanding balance of the Target PPP Loan in accordance with the SBA Procedural Guidance No. 5000-20057, Paycheck Protection Program Loans and Changes of Ownership, effective October 2, 2020 (as amended, restated, supplemented or otherwise modified from time to time).

(i) The defined term "Permitted Investments" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting the phrase "(including contributions pursuant to

Section 7.12(e))" set forth in clause (i) and inserting "(subject to the limitations in Sections 7.12(e) and 7.12(f))" in lieu thereof, (ii) deleting the references to "Section 7.12(f)" in clauses (j) and (k) and inserting "Sections 7.12(e) and 7.12(f)" in lieu thereof, (iii) deleting the reference "." at the end of clause (k) and inserting "; and" in lieu thereof, and (iv) inserting new clauses (l) and (m) therein to read as follows:

> (l) Investments (subject to the limitations in Section 7.12(e)) by IES Residential or another Loan Party consisting of eighty percent (80%) of the membership interests of Edmonson, or such greater amount owned by IES Residential or another Loan Party from time to time in Edmonson (provided, that IES Residential or another Loan Party shall deliver an updated Pledged Interest Addendum pursuant to Section 5.26(d) of Exhibit D for any additional interest held in Edmonson following the Eighth Amendment Effective Date), and
>
> (m) Investments (subject to the limitations in Section 7.12(e)) by any Loan Party consisting of the membership interests or Stock of any non-wholly owned Subsidiary acquired pursuant to a Permitted Acquisition (or any other Acquisition consented to by Lender, in writing, in its sole discretion) in a percentage equal to the membership interests or Stock owned by such Loan Parties as of the closing date of such Permitted Acquisition (or such Acquisition consented to by Lender, in writing, in its sole discretion), or such greater amount owned by a Loan Party from time to time in such non-wholly owned Subsidiary (provided, that the applicable Loan Party shall deliver an updated Pledged Interest Addendum pursuant to Section 5.26(d) of Exhibit D for any additional interest held in such non-wholly owned Subsidiary following the closing date of the applicable Permitted Acquisition (or the applicable Acquisition consented to by Lender, in writing, in its sole discretion)).

(j) The defined term "Permitted Liens" in Schedule 1.1 of the Credit Agreement is hereby amended by amending and restating clause (h) in its entirety to read as follows:

> (h) Liens securing Indebtedness under clause (m) of the definition of Permitted Indebtedness, so long as, (i) all Indebtedness secured by such Liens does not exceed $2,500,000 in aggregate at any time, and (ii) such Liens do not attach to any Collateral included in the calculation of the Borrowing Base,

(k) The defined term "Restricted Junior Payment" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting the reference to "and" at the end of clause (v), and (ii) inserting the following new clauses (vii) and (viii) at the end of clause (vi) and before the period:

> (vii) any Subsidiary of a Loan Party acquired pursuant to a Permitted Acquisition (or any other Acquisition consented to by Lender, in writing, in its sole discretion) may make distributions of excess cash to the direct or indirect holders of Stock issued by such Subsidiary in an amount proportionate to such

holders' ownership interest in the Stock issued by such Subsidiary, and (viii) any Subsidiary of a Loan Party acquired pursuant to a Permitted Acquisition (or any other Acquisition consented to by Lender, in writing, in its sole discretion) may make distributions to certain equity owners thereof with respect to an exercise of any such equity owner's put rights pursuant to such Subsidiaries operating agreement delivered to Lender as in effect on the closing date of the applicable Permitted Acquisition (or the applicable Acquisition consented to by Lender, in writing, in its sole discretion) and approved by Lender, in writing, in its Permitted Discretion.

1.05 Amendment to Schedule 2.12. Schedule 2.12 of the Credit Agreement is hereby amended by deleting the reference in clause (a) titled "Collateral Exam Fees, Costs Expenses" to "Qualified Cash" and inserting "Excess Availability" in lieu thereof.

1.06 Amendment to Schedule 6.2. Schedule 6.2 of the Credit Agreement is hereby amended by (a) deleting the reference in clause (a) to "thirty-five percent (35%)" and inserting "twenty percent (20%)" in lieu thereof, and (b) inserting the following row to the table set forth therein:

Upon any change in applicable laws, rules, or regulations that would require a change in the amount on deposit in the Permitted Florida Statutory Account	(a) the new amount required to be on deposit in the Permitted Florida Statutory Account; and (b) such other reports and information as to the Permitted Florida Statutory Account as Lender may reasonably request.

ARTICLE II
CONSENT AND JOINDER

2.01 **Consent to the Acquisition**. Subject to the terms and conditions set forth below, Lender hereby consents to IES Residential consummating the Acquisition pursuant to the terms of the Purchase Agreement.

2.02 **Consent to Joinder**. Administrative Borrower, on behalf of itself and each other Borrower and Guarantor, and Lender consents to the joinder of New Borrower to the Credit Agreement and all of the other Loan Documents, immediately following written confirmation from Lender that the condition set forth in Section 4.01(g) has been satisfied, as more fully described below.

2.03 **Joinder to the Credit Agreement and Loan Documents**. Immediately following written confirmation from Lender that the condition set forth in Section 4.01(g) has been satisfied, New Borrower shall join in, assume, adopt, become a co-borrowers and a co-obligors and become jointly and severally liable with respect to all Obligations (irrespective of when such Obligations first arose) under the Credit Agreement and all of the other Loan Documents. Without limiting the foregoing, New Borrower hereby (a) agrees to all of the terms and conditions contained in the Credit Agreement and the other Loan Documents with the same legal effect as if it was an original signatory thereto, (b) affirms all of the representations and warranties of the Borrowers and all of the covenants, each as set forth in the Credit Agreement, (c) confirms that it has granted pursuant to the terms of the Credit Agreement, and hereby grants to Lender a continuing general lien upon, and security interest in, all of the "Collateral" (as defined in the Credit Agreement) in which New Borrower has rights as security for the Obligations as though it were an original signatory party to the Credit Agreement, and New Borrower authorizes Lender to file UCC financing statements to evidence the same, which financing statements may identify the Collateral as "all assets" or "all personal property" or words of like import, and (d) promises to pay all Obligations in full when due in accordance with the Credit Agreement and the other Loan Documents. Further, New Borrower agrees that the Obligations are performable in accordance with their terms, without setoff, defense, counter-claim or claims in recoupment. For the avoidance of doubt, each of Administrative Borrower (on behalf of itself and each other Borrower and Guarantor), New Borrower, and Lender acknowledge and agree that this Section 2.03 shall be deemed effective immediately following written confirmation from Lender that the condition set forth in Section 4.01(g) has been satisfied.

ARTICLE III
NO WAIVER

3.01 **No Waiver**. This Amendment is a limited consent and other than as set forth above in Articles I and II hereof, nothing contained in this Amendment shall be construed as an amendment of, consent to, or waiver by, Lender of any covenant or provision of the Credit Agreement, the other Loan Documents, this Amendment, or of any other contract or instrument between any Loan Party and Lender, and the failure of Lender at any time or times hereafter to require strict performance by the Loan Parties of any provision thereof shall not waive, affect or diminish any right of Lender to thereafter demand strict compliance therewith. Lender hereby reserves all rights granted under the Credit Agreement, the other Loan Documents, this Amendment and any other contract or instrument between any Loan Party and Lender.

ARTICLE IV
CONDITIONS PRECEDENT

4.01 **Conditions to Effectiveness**. This Amendment shall become effective only upon the satisfaction in full, in a manner satisfactory to Lender, of the following conditions precedent (the first date upon which all such conditions have been satisfied being herein called the "Effective Date"):

(a) Lender shall have received the following documents or items, each in form and substance satisfactory to Lender and its legal counsel (unless such conditions are waived by Lender in its sole discretion):

(i) an Information Certificate Supplement;

(ii) a Collateral Assignment of Purchase Agreement;

(iii) a Collateral Assignment of Representations and Warranties Insurance in form and substance satisfactory to Lender;

(iv) a Pledged Interest Addendum duly executed by IES Residential, together with the certificates representing the Pledged Interests for New Borrower (if any) and such other items required pursuant to Section 5.26(d) of Exhibit D to the Credit Agreement;

(v) a Joinder to the Intercompany Subordination Agreement executed by New Borrower;

(vi) an amended copy of New Borrower's limited liability company agreement in form and substance satisfactory to Lender;

(vii) a fully executed copy of the Purchase Agreement, including all amendments thereto, and all other requested agreements or documents in connection therewith, certified by an officer of Administrative Borrower as true, correct and complete;

(viii) payoff letters or payoff statements for New Borrower's secured Indebtedness evidenced by the UCC-1 Financing Statements listed on Exhibit B to the Closing Checklist attached hereto as Exhibit B;

(ix) all other documents Lender may reasonably request with respect to any matter relevant to this Amendment or the transactions contemplated hereby, including, without limitation, the documents set forth in the Closing Checklist attached hereto as Exhibit B; and

(x) Borrowers shall have paid Lender, or made arrangements satisfactory to Lender to pay, all Lender Expenses incurred prior to or in connection with the preparation of this Amendment.

(b) After giving effect to this Amendment, the representations and warranties made by each Loan Party contained herein and in the Credit Agreement, as amended hereby, and the other Loan Documents, shall be true and correct in all material respects as of the date hereof, as if those representations and warranties were made for the first time on such date.

(c) After giving effect to this Amendment, each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents.

(d) No Default or Event of Default shall exist under any of the Loan Documents (as amended hereby), and no Default or Event of Default will result under any of the Loan Documents from the execution, delivery or performance of this Amendment.

(e) All corporate and other proceedings, and all documents instruments and other legal matters in connection with the transactions contemplated by this Amendment shall be satisfactory in form and substance to Lender and its counsel.

(f) Lender shall have received final credit approval for the Credit Facility and the transactions described in this Amendment.

(g) Solely with respect to joining New Borrower as a party to the Credit Agreement and the other Loan Documents pursuant to Section 2.03 above, Lender shall have completed (i) Patriot Act searches and customary individual background checks for New Borrower; and (ii) other "know your customer" searches, the results of the searches and background checks in clauses (i) and (ii) above shall be reasonably satisfactory to Lender.

ARTICLE V
RATIFICATIONS, REPRESENTATIONS AND WARRANTIES

5.01 **Ratifications**. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and the other Loan Documents, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Administrative Borrower, on behalf of itself and each other Loan Party, hereby agrees that all liens and security interest securing payment of the Obligations under the Credit Agreement are hereby collectively renewed, ratified and brought forward as security for the payment and performance of the Obligations. Administrative Borrower, on behalf of itself and each other Loan Party, and Lender agree that the Credit Agreement and the other Loan Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.

5.02 **Representations and Warranties**. Administrative Borrower, on behalf of itself and each other Loan Party, hereby represents and warrants, jointly and severally, to Lender as of the date hereof as follows: (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) the execution, delivery and performance by it of this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith are within its powers, have been duly authorized, and do not contravene (i) its Governing Documents or (ii) any applicable law; (c) no consent, license, permit, approval or authorization of, or registration, filing or declaration with any governmental body or other Person, is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment, the Credit Agreement or any of the other Loan Documents executed and/or delivered in connection herewith by or against it, except for those consents, approvals or authorizations which (i) will have been duly obtained, made or compiled prior to the Effective Date and which are in full force and effect or (ii) the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change; (d) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith have been duly executed and delivered by it; (e) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith constitute its legal, valid and binding obligation enforceable against it in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity; (f) no Default or Event of Default exists, has occurred and is continuing or would result by the execution, delivery or performance of this Amendment; (g) each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents, as amended hereby; (h) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof as though made on and as of each such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and complete on and as of such earlier date); and (i) following the consummation of the Acquisition, IES Residential will own 80% of the Stock of New Borrower.

ARTICLE VI
POST-CLOSING COVENANTS

6.01 **General**. The Borrowers covenant and agree to fulfill the obligations set forth on Exhibit C. The failure to have taken such actions or deliver such agreements shall not constitute a Default or an Event of Default or a breach of any representation and warranty until the date specified on Exhibit C (as such date may be extended as provided therein); provided that failure to have taken such action or make such required delivery by the date specified in Exhibit C shall be an immediate Event of Default.

ARTICLE VII
MISCELLANEOUS PROVISIONS

7.01 **Survival of Representations and Warranties**. All representations and warranties made in the Credit Agreement or the other Loan Documents, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Lender shall affect the representations and warranties or the right of Lender to rely upon them.

7.02 **Reference to Credit Agreement**. Each of the Credit Agreement and the other Loan Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement, as amended hereby, are hereby amended so that any reference in the Credit Agreement and such other Loan Documents to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.

7.03 **Expenses of Lender**. The Borrowers agree to pay on demand all reasonable costs and expenses incurred by Lender in connection with any and all amendments, modifications, and supplements to the other Loan Documents, including, without limitation, the reasonable costs and fees of Lender's legal counsel, and all costs and expenses incurred by Lender in connection with the enforcement or preservation of any rights under the Credit Agreement, as amended hereby, or any other Loan Documents, including, without, limitation, the costs and fees of Lender's legal counsel.

7.04 **Severability**. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

7.05 **Successors and Assigns**. This Amendment is binding upon and shall inure to the benefit of Lender and each Loan Party and their respective successors and assigns, except that no Loan Party may assign or transfer any of its respective rights or obligations hereunder without the prior written consent of Lender.

7.06 **Counterparts**. This Amendment may be executed in one or more counterparts (including by electronic .pdf), each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

7.07 **Effect of Waiver**. No consent or waiver, express or implied, by Lender to or for any breach of or deviation from any covenant or condition by any Loan Party shall be deemed a consent to or waiver of any other breach of the same or any other covenant, condition or duty.

7.08 **Headings**. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

7.09 **Applicable Law**. THIS AMENDMENT AND ALL OTHER AGREEMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN MADE AND TO BE PERFORMABLE IN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

7.10 **Final Agreement**. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, EACH AS MODIFIED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS MODIFIED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AGREEMENT OF ANY PROVISION OF THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY THE BORROWERS AND LENDER.

7.11 **Release**. ADMINISTRATIVE BORROWER, ON BEHALF OF ITSELF AND EACH LOAN PARTY, HEREBY ACKNOWLEDGES THAT IT HAS NO DEFENSE, COUNTERCLAIM, OFFSET, CROSS COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY ANY LOANS OR EXTENSIONS OF CREDIT FROM LENDER TO THE BORROWERS UNDER THE CREDIT AGREEMENT OR

THE OTHER LOAN DOCUMENTS OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM LENDER. ADMINISTRATIVE BORROWER, ON BEHALF OF ITSELF AND EACH LOAN PARTY, HEREBY VOLUNTARILY AND KNOWINGLY RELEASES AND FOREVER DISCHARGES LENDER, ITS PREDECESSORS, AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS, FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AMENDMENT IS EXECUTED, WHICH ANY LOAN PARTY MAY NOW OR HEREAFTER HAVE AGAINST LENDER, ITS PREDECESSORS, AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS, IF ANY, AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY LOANS OR EXTENSIONS OF CREDIT FROM LENDER TO THE BORROWERS UNDER THE CREDIT AGREEMENT OR THE OTHER LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE CREDIT AGREEMENT OR LOAN DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS AMENDMENT.

7.12 **Consent of Guarantors**. The Administrative Borrower, on behalf of each Guarantor, hereby (a) consents to the transactions contemplated by this Amendment, including the Acquisition; and (b) agrees that the Credit Agreement and the other Loan Documents (as amended, restated, supplemented or otherwise modified from time to time) are and shall remain in full force and effect. Although each Guarantor has been informed of the matters set forth herein and Administrative Borrower, on behalf of the Guarantors, has acknowledged and agreed to same, it understands that the Lender has no obligation to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Administrative Borrower, on behalf of each Guarantor, acknowledges that its Guaranty is in full force and effect and ratifies the same, acknowledges that the undersigned has no defense, counterclaim, set-off or any other claim to diminish the undersigned's liability under such documents, that the undersigned's consent is not required to the effectiveness of the Credit Agreement and that no consent by it is required for the effectiveness of any future amendment, modification, forbearance or other action with respect to the Collateral, the Advances, the Credit Agreement or any of the other Loan Documents.

[*Remainder of page intentionally left blank*]

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

ADMINISTRATIVE BORROWER:

IES HOLDINGS, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Senior Vice President, CFO & Treasurer

NEW BORROWER:

EDMONSON ELECTRIC, LLC

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Senior Vice President, CFO & Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Michael Gerard

Name: Michael Gerard

Title: Authorized Signatory

Exhibit A

Purchase Agreement

Exhibit B

Checklist

<u>Exhibit C</u>

Post-Closing Obligations

1. Within 15 days following the date hereof (or such later date as Lender may agree in its sole discretion), Administrative Borrower shall deliver to Lender a fully executed copy of a collateral assignment of representations and warranties insurance signed by Pacific Insurance Company, Limited, IES Residential, Inc., and Lender, and a bound copy of the "R&W Insurance Policy" (as defined in the Purchase Agreement) and the related declarations, in each case in form and substance satisfactory to Lender.

2. Within 60 days following the date hereof (or such later date as Lender may agree in its sole discretion), Administrative Borrower shall use best efforts to deliver to Lender evidence, in form and substance satisfactory to Lender, that the UCC financing statement 201401210730 filed by Triumph Savings Bank against the assets of SeaBreeze Electric Inc.

3. Within 180 days following the date hereof (or such later date as Lender may agree in its sole discretion), Administrative Borrower shall deliver to Lender evidence, in form and substance satisfactory to Lender, that New Borrower's Deposit Accounts have been transferred to Wells Fargo Bank, National Association or one of its affiliates.

4. Immediately following written confirmation from Lender that the condition set forth in Section 4.01(g) has been satisfied, Administrative Borrower shall deliver to Lender fully executed copies of the below listed documents (each in form and substance satisfactory to Lender):

(a) an Information Certificate Supplement (or confirmation, including via email, that no changes are necessary from the Information Certificate Supplemented delivered on the date of this Agreement);

(b) updated certificates of insurance, reflecting the addition of New Borrower and its location(s), with respect to (i) property and casualty and business interruption insurance policies, showing Lender as certificate holder and loss payee, with lender's loss payable clause in favor of Lender, and (ii) liability and other third party policies, showing Lender as certificate holder and additional insured party (each in form and substance satisfactory to Lender);

(c) a certificate from the appropriate manager or officer of New Borrower, IES Residential, and Administrative Borrower (i) attesting to the resolutions of New Borrower's sole shareholder, IES Residential's Member, and Administrative Borrower's Board of Directors authorizing the execution, delivery, and performance of this Agreement and the other Loan Documents to which New Borrower, IES Residential, or Administrative Borrower are a party, (ii) authorizing specific officers of New Borrower, IES Residential, and Administrative Borrower to execute the same, (iii) attesting to the incumbency and signatures of such specific officers of New Borrower, IES Residential, and Administrative Borrower, (iv) representing and warranting that New Borrower's, IES Residential 's, and Administrative Borrower 's Governing Documents attached thereto are true, correct and complete as of the date thereof, and (v) attesting to a certificate of status with respect to New Borrower, IES Residential, and Administrative Borrower, dated within 30 days of the date of the certificate, such certificates to be issued by the appropriate officer of the jurisdiction of organization of IES Residential and Administrative Borrower, which certificates shall indicate that IES Residential and Administrative Borrower are in good standing in such jurisdiction; and

(d) all other documents Lender may reasonably request with respect to any matter relevant to this Agreement or the transactions contemplated hereby, including, without limitation, the "Joinder Documents" set forth on the Closing Checklist attached hereto as Exhibit B, and a legal opinion of Administrative Borrower's counsel, and Borrowers shall have paid Lender, or made arrangements satisfactory to Lender to pay, all Lender Expenses incurred prior to or in connection with the preparation of the Agreement

Exhibit 31.1

CERTIFICATION

I, Jeffrey L. Gendell, 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: August 5, 2021

/s/ JEFFREY L. GENDELL

Jeffrey L. Gendell
Chief Executive Officer as Principal Executive Officer

Exhibit 31.2

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: August 5, 2021

/s/ TRACY A. MCLAUCHLIN

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

Exhibit 32.1

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 June 30, 2021 (the "Report"), I, Jeffrey L. Gendell, 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: August 5, 2021

By: /s/ JEFFREY L. GENDELL
Jeffrey L. Gendell
Chief Executive Officer as Principal Executive Officer

Exhibit 32.2

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 June 30, 2021 (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: August 5, 2021

By: /s/ TRACY A. MCLAUCHLIN
Tracy A. McLauchlin
Senior Vice President, Chief Financial Officer and Treasurer
as Principal Financial Officer