

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2021

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-13783



**IES Holdings, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

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

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

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

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

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

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

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

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

Large accelerated filer  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 April 28, 2021, there were 20,840,382 shares of common stock outstanding.

**IES HOLDINGS, INC. AND SUBSIDIARIES**  
**INDEX**

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2021 and September 30, 2020</u>	6
<u>Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended March 31, 2021 and 2020</u>	7
<u>Condensed Consolidated Statements of Stockholders' Equity for the Three and Six Months Ended March 31, 2021 and 2020</u>	9
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2021 and 2020</u>	10
<u>Notes to Condensed Consolidated Financial Statements</u>	11
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	38
<u>Item 4. Controls and Procedures</u>	39
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	39
<u>Item 1A. Risk Factors</u>	39
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	39
<u>Item 3. Defaults Upon Senior Securities</u>	39
<u>Item 4. Mine Safety Disclosures</u>	40
<u>Item 5. Other Information</u>	40
<u>Item 6. Exhibits</u>	41
<u>Signatures</u>	42

---

## 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 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 our 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 could 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, as well as exercisability of the purchase rights under our tax benefit protection 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, 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)

	March 31, 2021 (Unaudited)	September 30, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 37,520	\$ 53,577
Restricted cash	4,813	—
Accounts receivable:		
Trade, net of allowance of \$1,064 and \$2,613, respectively	208,784	213,016
Retainage	36,806	40,878
Inventories	38,908	24,889
Costs and estimated earnings in excess of billings	24,239	29,937
Prepaid expenses and other current assets	14,692	9,153
Total current assets	365,762	371,450
Property and equipment, net	28,731	24,589
Goodwill	75,327	53,763
Intangible assets, net	73,325	39,357
Deferred tax assets	25,531	33,803
Operating right of use assets	40,372	31,786
Other non-current assets	6,604	5,780
Total assets	\$ 615,652	\$ 560,528
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	191,328	186,710
Billings in excess of costs and estimated earnings	60,257	55,739
Total current liabilities	251,585	242,449
Long-term debt	140	217
Operating long-term lease liabilities	26,923	20,530
Other non-current liabilities	14,840	12,215
Total liabilities	293,488	275,411
Noncontrolling interest	13,629	1,804
<b>STOCKHOLDERS' EQUITY:</b>		
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 20,838,844 and 20,762,395 outstanding, respectively	220	220
Treasury stock, at cost, 1,210,685 and 1,287,134 shares, respectively	(23,639)	(24,499)
Additional paid-in capital	200,732	200,587
Retained earnings	131,222	107,005
Total stockholders' equity	308,535	283,313
Total liabilities and stockholders' equity	\$ 615,652	\$ 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 March 31,	
	2021	2020
Revenues	\$ 331,961	\$ 291,277
Cost of services	267,087	240,013
Gross profit	64,874	51,264
Selling, general and administrative expenses	47,655	42,036
Contingent consideration	73	—
Loss (gain) on sale of assets	18	(1)
Operating income	17,128	9,229
Interest and other (income) expense:		
Interest expense	225	320
Other (income) expense, net	(51)	268
Income from operations before income taxes	16,954	8,641
Provision for income taxes	3,611	2,428
Net income	13,343	6,213
Net (income) loss attributable to noncontrolling interest	(507)	18
Comprehensive income attributable to IES Holdings, Inc.	\$ 12,836	\$ 6,231
Earnings per share attributable to common stockholders of IES Holdings, Inc.:		
Basic	\$ 0.59	\$ 0.30
Diluted	\$ 0.58	\$ 0.29
Shares used in the computation of earnings per share:		
Basic	20,780,006	20,847,245
Diluted	21,071,059	21,122,310

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

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

	Six Months Ended March 31,	
	2021	2020
Revenues	\$ 646,799	\$ 567,320
Cost of services	523,246	465,841
Gross profit	123,553	101,479
Selling, general and administrative expenses	90,441	79,908
Contingent consideration	73	—
Loss (gain) on sale of assets	8	(37)
Operating income	33,031	21,608
Interest and other (income) expense:		
Interest expense	397	559
Other (income) expense, net	(169)	409
Income from operations before income taxes	32,803	20,640
Provision for income taxes	7,250	5,897
Net income	25,553	14,743
Net income attributable to noncontrolling interest	(619)	(10)
Comprehensive income attributable to IES Holdings, Inc.	\$ 24,934	\$ 14,733
Earnings per share attributable to common stockholders of IES Holdings, Inc.:		
Basic	\$ 1.18	\$ 0.70
Diluted	\$ 1.16	\$ 0.69
Shares used in the computation of earnings (loss) per share:		
Basic	20,756,879	20,865,460
Diluted	21,059,088	21,132,519

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



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

	Three Months Ended March 31, 2021						
	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
BALANCE, December 31, 2020	22,049,529	\$ 220	(1,279,545)	\$ (24,984)	\$ 201,219	\$ 119,007	\$ 295,462
Issuances under compensation plans	—	—	68,860	1,345	(1,345)	—	—
Non-cash compensation	—	—	—	—	858	—	858
Increase in noncontrolling interest	—	—	—	—	—	(621)	(621)
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	12,836	12,836
BALANCE, March 31, 2021	<u>22,049,529</u>	<u>\$ 220</u>	<u>(1,210,685)</u>	<u>\$ (23,639)</u>	<u>\$ 200,732</u>	<u>\$ 131,222</u>	<u>\$ 308,535</u>

	Three Months Ended March 31, 2020						
	Common Stock		Treasury Stock		Additional Paid - In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
BALANCE, December 31, 2019	22,049,529	\$ 220	(826,353)	\$ (11,998)	\$ 192,499	\$ 74,057	\$ 254,778
Issuances under compensation plans	—	—	21,171	308	(308)	—	—
Acquisition of treasury stock	—	—	(178,431)	(4,037)	—	—	(4,037)
Options exercised	—	—	5,750	84	(50)	—	34
Non-cash compensation	—	—	—	—	754	—	754
Decrease in noncontrolling interest	—	—	—	—	—	45	45
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	6,231	6,231
BALANCE, March 31, 2020	<u>22,049,529</u>	<u>\$ 220</u>	<u>(977,863)</u>	<u>\$ (15,643)</u>	<u>\$ 192,895</u>	<u>\$ 80,333</u>	<u>\$ 257,805</u>

	Six Months Ended March 31, 2021						
	Common Stock		Treasury Stock		Additional Paid - In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
BALANCE, September 30, 2020	22,049,529	\$ 220	(1,287,134)	\$ (24,499)	\$ 200,587	\$ 107,005	\$ 283,313
Issuances under compensation plans	—	—	107,327	2,086	(2,086)	—	—
Acquisition of treasury stock	—	—	(30,878)	(1,226)	531	—	(695)
Non-cash compensation	—	—	—	—	1,700	—	1,700
Increase in noncontrolling interest	—	—	—	—	—	(503)	(503)
Cumulative effect adjustment from adoption of new accounting standard	—	—	—	—	—	(214)	(214)
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	24,934	24,934
BALANCE, March 31, 2021	<u>22,049,529</u>	<u>\$ 220</u>	<u>(1,210,685)</u>	<u>\$ (23,639)</u>	<u>\$ 200,732</u>	<u>\$ 131,222</u>	<u>\$ 308,535</u>

	Six Months Ended March 31, 2020						
	Common Stock		Treasury Stock		Additional Paid - In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
BALANCE, September 30, 2019	22,049,529	\$ 220	(884,518)	\$ (12,483)	\$ 192,911	\$ 65,600	\$ 246,248
Issuances under compensation plans	—	—	116,580	1,650	(1,650)	—	—
Acquisition of treasury stock	—	—	(215,675)	(4,894)	—	—	(4,894)
Options exercised	—	—	5,750	84	(50)	—	34
Non-cash compensation	—	—	—	—	1,684	—	1,684
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	14,733	14,733
BALANCE, March 31, 2020	<u>22,049,529</u>	<u>\$ 220</u>	<u>(977,863)</u>	<u>\$ (15,643)</u>	<u>\$ 192,895</u>	<u>\$ 80,333</u>	<u>\$ 257,805</u>

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

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

	Six Months Ended March 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 25,553	\$ 14,743
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	61	281
Deferred financing cost amortization	94	204
Depreciation and amortization	9,848	5,597
Loss (gain) on sale of assets	8	(37)
Non-cash compensation expense	1,700	1,684
Deferred income taxes	5,433	4,543
Changes in operating assets and liabilities:		
Accounts receivable	11,943	8,595
Inventories	(9,771)	(220)
Costs and estimated earnings in excess of billings	5,699	2,847
Prepaid expenses and other current assets	1,053	(8,942)
Other non-current assets	(83)	1,543
Accounts payable and accrued expenses	(9,324)	(2,035)
Billings in excess of costs and estimated earnings	4,518	4,113
Other non-current liabilities	1,626	(195)
Net cash provided by operating activities	<u>48,358</u>	<u>32,721</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(3,004)	(2,898)
Proceeds from sale of assets	68	53
Cash paid in conjunction with business combinations	(55,468)	(28,952)
Net cash used in investing activities	<u>(58,404)</u>	<u>(31,797)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings of debt	584,483	592,422
Repayments of debt	(584,495)	(563,093)
Cash paid for finance leases	(240)	(71)
Distribution to noncontrolling interest	(251)	(457)
Purchase of treasury stock	(695)	(4,894)
Options exercised	—	34
Net cash provided by (used in) financing activities	<u>(1,198)</u>	<u>23,941</u>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(11,244)</b>	<b>24,865</b>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	53,577	18,934
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period</b>	<b><u>\$ 42,333</u></b>	<b><u>\$ 43,799</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 262	\$ 410
Cash paid for income taxes (net)	\$ 2,182	\$ 522

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

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

**1. BUSINESS AND ACCOUNTING POLICIES**

*Description of the Business*

IES Holdings, Inc. is a holding company that owns and manages operating subsidiaries 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 four principal business segments, based upon the nature of our services:

- Communications – 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.
- Residential – Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.
- Infrastructure Solutions – 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.
- Commercial & Industrial – Provider of electrical and mechanical design, construction, and maintenance services to the commercial and industrial markets in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market 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 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 Bayonet Plumbing, Heating and 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. If all of these interests had been redeemable at March 31, 2021, the redemption amount would have been \$12,874. During the three and six months ended March 31, 2021, we recorded a valuation adjustment to the balance sheet carrying value of noncontrolling interest of \$621 and \$503, 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.

#### *Restricted Cash*

Cash and cash equivalents subject to contractual restrictions and not readily available are classified as restricted cash. As of March 31, 2021, the Company's restricted cash balances of \$4,813 represents cash in escrow for the repayment of a Paycheck Protection Program loan assumed in connection with a business combination completed during the six months ended March 31, 2021. Pending the outcome of an application for loan forgiveness, the cash in escrow will either be used to repay the loan or, if forgiveness is approved, will be paid to the selling shareholders of the acquired entity.

#### *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.

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 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 March 11, 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. On November 8, 2016, the Company implemented a tax benefit protection plan (the "NOL Rights Plan"). The NOL Rights Plan is 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. There can be no assurance that the NOL Rights Plan will be effective in deterring a change in ownership or protecting the NOLs. 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.

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 March 31, 2021, we had capitalized commission costs of \$94.

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 six months ended March 31, 2021 and 2020 was derived from the following activities. See details in the following tables:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2021	2020	2021	2020
Communications	\$ 94,886	\$ 95,990	\$ 193,242	\$ 180,279
Residential				
Single-family	100,476	58,958	172,602	113,832
Multi-family and Other	49,860	41,069	97,225	78,923
Total Residential	150,336	100,027	269,827	192,755
Infrastructure Solutions				
Industrial Services	10,548	10,724	20,588	21,835
Custom Power Solutions	24,168	18,576	48,529	38,748
Total Infrastructure Solutions	34,716	29,300	69,117	60,583
Commercial & Industrial	52,023	65,960	114,613	133,703
Total Revenue	\$ 331,961	\$ 291,277	\$ 646,799	\$ 567,320

	Three Months Ended March 31, 2021				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	\$ 68,551	\$ 150,336	\$ 32,959	\$ 49,003	\$ 300,849
Time-and-material	26,335	—	1,757	3,020	31,112
Total revenue	\$ 94,886	\$ 150,336	\$ 34,716	\$ 52,023	\$ 331,961

	Three Months Ended March 31, 2020				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	\$ 71,377	\$ 100,027	\$ 29,276	\$ 62,779	\$ 263,459
Time-and-material	24,613	—	24	3,181	27,818
Total revenue	\$ 95,990	\$ 100,027	\$ 29,300	\$ 65,960	\$ 291,277

	Six Months Ended March 31, 2021				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	\$ 144,565	\$ 269,827	\$ 65,623	\$ 109,690	\$ 589,705
Time-and-material	48,677	—	3,494	4,923	57,094
Total revenue	\$ 193,242	\$ 269,827	\$ 69,117	\$ 114,613	\$ 646,799

	Six Months Ended March 31, 2020				
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Total
Fixed-price	\$ 133,404	\$ 192,755	\$ 58,767	\$ 126,614	\$ 511,540
Time-and-material	46,875	—	1,816	7,089	55,780
Total revenue	\$ 180,279	\$ 192,755	\$ 60,583	\$ 133,703	\$ 567,320

### *Accounts Receivable*

Accounts receivable include amounts which we have billed or have an unconditional right to bill our customers. As of March 31, 2021, Accounts receivable included \$12,302 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 March 31, 2021 and 2020, we recognized revenue of \$28,385 and \$21,473 related to our contract liabilities at January 1, 2021 and 2020, respectively. During the six months ended March 31, 2021 and 2020, we recognized revenue of \$33,740 and \$26,403 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 six months ended March 31, 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 March 31, 2021, we had remaining performance obligations of \$613,893. The Company expects to recognize revenue on approximately \$458,306 of the remaining performance obligations over the next 12 months, with the remaining recognized thereafter.

For the three and six months ended March 31, 2021, net revenue recognized from our performance obligations satisfied in previous periods was not material.

## **4. DEBT**

At March 31, 2021 and September 30, 2020, we had zero 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 \$140 and \$205, respectively. At March 31, 2021, we also had \$6,964 in outstanding letters of credit and total availability of \$93,036 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 March 31, 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 six months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
<b>Numerator:</b>		
Net income attributable to common stockholders of IES Holdings, Inc.	\$ 12,207	\$ 6,175
Increase (decrease) in noncontrolling interest	621	(45)
Net income attributable to restricted stockholders of IES Holdings, Inc.	8	101
Net income attributable to IES Holdings, Inc.	<u>\$ 12,836</u>	<u>\$ 6,231</u>
<b>Denominator:</b>		
Weighted average common shares outstanding — basic	20,780,006	20,847,245
Effect of dilutive stock options and non-vested securities	291,053	275,065
Weighted average common and common equivalent shares outstanding — diluted	<u>21,071,059</u>	<u>21,122,310</u>
<b>Earnings per share attributable to common stockholders of IES Holdings, Inc.:</b>		
Basic	\$ 0.59	\$ 0.30
Diluted	\$ 0.58	\$ 0.29

	Six Months Ended March 31,	
	2021	2020
<b>Numerator:</b>		
Net income attributable to common stockholders of IES Holdings, Inc.	\$ 24,411	\$ 14,510
Increase in noncontrolling interest	503	—
Net income attributable to restricted stockholders of IES Holdings, Inc.	20	223
Net income attributable to IES Holdings, Inc.	<u>\$ 24,934</u>	<u>\$ 14,733</u>
<b>Denominator:</b>		
Weighted average common shares outstanding — basic	20,756,879	20,865,460
Effect of dilutive stock options and non-vested securities	302,209	267,059
Weighted average common and common equivalent shares outstanding — diluted	<u>21,059,088</u>	<u>21,132,519</u>
<b>Earnings per share attributable to common stockholders of IES Holdings, Inc.:</b>		
Basic	\$ 1.18	\$ 0.70
Diluted	\$ 1.16	\$ 0.69

For the three and six months ended March 31, 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 our four operating segments. Management allocates certain shared costs between segments for selling, general and administrative expenses and depreciation expense.

Segment information for the three and six months ended March 31, 2021 and 2020 is as follows:

	Three Months Ended March 31, 2021					
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	\$ 94,886	\$ 150,336	\$ 34,716	\$ 52,023	\$ —	\$ 331,961
Cost of services	75,339	120,146	25,161	46,441	—	267,087
Gross profit	19,547	30,190	9,555	5,582	—	64,874
Selling, general and administrative	9,615	21,609	6,242	6,744	3,445	47,655
Contingent consideration	—	73	—	—	—	73
Loss (gain) on sale of assets	—	52	(26)	(8)	—	18
Operating income (loss)	\$ 9,932	\$ 8,456	\$ 3,339	\$ (1,154)	\$ (3,445)	\$ 17,128
Other data:						
Depreciation and amortization expense	\$ 347	\$ 3,205	\$ 1,554	\$ 683	\$ 39	\$ 5,828
Capital expenditures	\$ 133	\$ 1,040	\$ 163	\$ 397	\$ 89	\$ 1,822
Total assets	\$ 128,568	\$ 215,399	\$ 134,037	\$ 69,405	\$ 68,243	\$ 615,652

	Three Months Ended March 31, 2020					
	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	\$ 95,990	\$ 100,027	\$ 29,300	\$ 65,960	\$ —	\$ 291,277
Cost of services	79,352	77,114	22,055	61,492	—	240,013
Gross profit	16,638	22,913	7,245	4,468	—	51,264
Selling, general and administrative	9,419	15,754	4,918	8,586	3,359	42,036
Gain on sale of assets	—	—	—	(1)	—	(1)
Operating income (loss)	\$ 7,219	\$ 7,159	\$ 2,327	\$ (4,117)	\$ (3,359)	\$ 9,229
Other data:						
Depreciation and amortization expense	\$ 343	\$ 431	\$ 1,754	\$ 689	\$ 18	\$ 3,235
Capital expenditures	\$ 186	\$ 657	\$ 153	\$ 212	\$ 299	\$ 1,507
Total assets	\$ 126,871	\$ 101,246	\$ 127,426	\$ 75,075	\$ 95,726	\$ 526,344

## Six Months Ended March 31, 2021

	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	\$ 193,242	\$ 269,827	\$ 69,117	\$ 114,613	\$ —	\$ 646,799
Cost of services	155,156	216,109	48,625	103,356	—	523,246
Gross profit	38,086	53,718	20,492	11,257	—	123,553
Selling, general and administrative	18,956	38,936	11,853	13,168	7,528	90,441
Contingent consideration	—	73	—	—	—	73
Loss (gain) on sale of assets	—	52	(27)	(17)	—	8
Operating income (loss)	\$ 19,130	\$ 14,657	\$ 8,666	\$ (1,894)	\$ (7,528)	\$ 33,031
Other data:						
Depreciation and amortization expense	\$ 694	\$ 4,709	\$ 2,995	\$ 1,377	\$ 73	\$ 9,848
Capital expenditures	\$ 265	\$ 1,477	\$ 508	\$ 665	\$ 89	\$ 3,004
Total assets	\$ 128,568	\$ 215,399	\$ 134,037	\$ 69,405	\$ 68,243	\$ 615,652

## Six Months Ended March 31, 2020

	Communications	Residential	Infrastructure Solutions	Commercial & Industrial	Corporate	Total
Revenues	\$ 180,279	\$ 192,755	\$ 60,583	\$ 133,703	\$ —	\$ 567,320
Cost of services	148,074	149,699	45,568	122,500	—	465,841
Gross profit	32,205	43,056	15,015	11,203	—	101,479
Selling, general and administrative	17,988	29,474	9,411	15,874	7,161	79,908
Gain on sale of assets	(9)	—	—	(28)	—	(37)
Operating income (loss)	\$ 14,226	\$ 13,582	\$ 5,604	\$ (4,643)	\$ (7,161)	\$ 21,608
Other data:						
Depreciation and amortization expense	\$ 680	\$ 641	\$ 2,874	\$ 1,365	\$ 37	\$ 5,597
Capital expenditures	\$ 468	\$ 869	\$ 590	\$ 672	\$ 299	\$ 2,898
Total assets	\$ 126,871	\$ 101,246	\$ 127,426	\$ 75,075	\$ 95,726	\$ 526,344

## 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 828,238 shares were available for issuance at March 31, 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 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 of our common stock during the three and six months ended March 31, 2021. We repurchased 178,431 and 198,248 shares, respectively, of our common stock during the three and six months ended March 31, 2020 in open market transactions at an average price of \$22.60 and \$22.59, respectively, per share.

### Treasury Stock

During the six months ended March 31, 2021, we issued 38,087 shares of common stock from treasury stock to employees and repurchased 16,882 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 six months ended March 31, 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 3,172 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 198,248 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 six months ended March 31, 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 March 31, 2021 and 2020, we recognized \$36 and \$429, respectively, in compensation expense related to all restricted stock awards. During the six months ended March 31, 2021 and 2020, we recognized \$74 and \$795, respectively, in compensation expense related to all restricted stock awards. At March 31, 2021, the unamortized compensation cost related to outstanding unvested restricted stock was \$238.

#### *Director Phantom Stock Units*

Director phantom stock units (“Director PSUs”) are primarily granted to the members of the Board of Directors as part of their overall compensation. These Director PSUs are 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 March 31, 2021 and 2020, we recognized \$90 and \$96, respectively, in compensation expense related to these grants. During the six months ended March 31, 2021 and 2020, we recognized \$186 and \$197, 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 March 31, 2021, the Company had outstanding Employee PSUs, which, subject to the achievement of certain performance metrics, could result in the issuance of 291,586 shares of common stock. Of the Employee PSUs granted, 114,067 Employee PSUs have been forfeited, and 87,769 have vested. During the three months ended March 31, 2021 and 2020, we recognized \$711 and \$187, respectively, in compensation expense related to Employee PSU grants. During the six months ended March 31, 2021 and 2020, we recognized \$1,408 and \$615, respectively, in compensation expense related to Employee PSU grants.

## 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 March 31, 2021 and 2020, we recognized \$773 and \$697, respectively, in matching expense. During the six months ended March 31, 2021 and 2020, we recognized \$1,479 and \$1,082, 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 \$601 and \$719 recorded as of March 31, 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, able and willing to transact an exchange. Fair value accounting and reporting establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

At March 31, 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 March 31, 2021 and September 30, 2020, are summarized in the following tables by the type of inputs applicable to the fair value measurements:

	March 31, 2021		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable Inputs (Level 3)
Executive savings plan assets	\$ 892	\$ 892	\$ —
Executive savings plan liabilities	(765)	(765)	—
Contingent consideration	4,147	—	4,147
Total	<u>\$ 4,274</u>	<u>\$ 127</u>	<u>\$ 4,147</u>

  

	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	<u>\$ 122</u>	<u>\$ 122</u>	<u>\$ —</u>

We entered into a contingent consideration arrangement related to the acquisition of Bayonet. At March 31, 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 March 31, 2021	\$	<u>4,147</u>

## 10. INVENTORY

Inventories consist of the following components:

	March 31, 2021	September 30, 2020
Raw materials	\$ 4,509	\$ 3,232
Work in process	5,540	4,894
Finished goods	1,599	1,186
Parts and supplies	27,260	15,577
Total inventories	<u>\$ 38,908</u>	<u>\$ 24,889</u>

## 11. GOODWILL AND INTANGIBLE ASSETS

### Goodwill

The following summarizes changes in the carrying value of goodwill by segment for the six months ended March 31, 2021:

	Communications	Residential	Infrastructure Solutions	Total
Goodwill at September 30, 2020	\$ 2,816	\$ 16,219	\$ 34,728	\$ 53,763
Acquisitions	—	18,201	3,363	21,564
Goodwill at March 31, 2021	<u>\$ 2,816</u>	<u>\$ 34,420</u>	<u>\$ 38,091</u>	<u>\$ 75,327</u>

### Intangible Assets

Intangible assets consist of the following:

	Estimated Useful Lives (in Years)	March 31, 2021		
		Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	\$ 12,194	\$ (2,236)	\$ 9,958
Technical library	20	400	(151)	249
Customer relationships	6 - 15	80,379	(18,486)	61,893
Non-competition arrangements	5	40	(21)	19
Backlog and construction contracts	1	4,957	(3,751)	1,206
Total intangible assets		<u>\$ 97,970</u>	<u>\$ (24,645)</u>	<u>\$ 73,325</u>

				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				<u>\$ 58,026</u>	<u>\$ (18,669)</u>	<u>\$ 39,357</u>

## 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 March 31, 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 March 31, 2021 and September 30, 2020, we had \$6,136 and \$6,254, respectively, accrued for self-insurance liabilities. We are also subject to construction defect liabilities, primarily within our Residential segment. As of March 31, 2021 and September 30, 2020, we had \$37 and \$36, respectively, reserved for these claims. Because the reserves are based on judgment and estimates and involve variables that are inherently uncertain, such as the outcome of litigation and an assessment of insurance coverage, there can be no assurance that the ultimate liability will not be higher or lower than such estimates or that the timing of payments will not create liquidity issues for the Company.

Some of the underwriters of our casualty insurance program require us to post letters of credit as collateral. This is common in the insurance industry. To date, we have not had a situation where an underwriter has had reasonable cause to effect payment under a letter of credit. At March 31, 2021 and September 30, 2020, \$6,764 and \$5,464, respectively, of our outstanding letters of credit were utilized to collateralize our insurance program.

### *Surety*

As of March 31, 2021, the estimated cost to complete our bonded projects was approximately \$87,698. We evaluate our bonding requirements on a regular basis, including the terms offered by our sureties. We believe the bonding capacity presently provided by our current sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. Posting letters of credit in favor of our sureties reduces the borrowing availability under our revolving credit facility.

### *Other Commitments and Contingencies*

Some of our customers and vendors require us to post letters of credit, or provide intercompany guarantees, as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If our customer has reasonable cause to effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. At each of March 31, 2021 and September 30, 2020, \$200 of our outstanding letters of credit were to collateralize our vendors.

From time to time, we may enter into firm purchase commitments for materials, such as copper or aluminum wire, which we expect to use in the ordinary course of business. These commitments are typically for terms of less than one year and require us to buy minimum

quantities of materials at specific intervals at a fixed price over the term. As of March 31, 2021, we had commitments of \$11,569 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 include 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 \$13,256 and \$613, respectively, as of March 31, 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 March 31, 2021 are as follows:

	Operating Leases	Finance Leases	Total
Remainder of 2021	\$ 10,353	\$ 475	\$ 10,828
2022	11,349	613	11,962
2023	7,458	606	8,064
2024	4,701	561	5,262
2025	3,297	277	3,574
Thereafter	7,410	5	7,415
Total undiscounted lease payments	\$ 44,568	\$ 2,537	\$ 47,105
Less: imputed interest	4,443	231	4,674
Present value of lease liabilities	\$ 40,125	\$ 2,306	\$ 42,431

The total future undiscounted cash flows related to lease agreements committed to but not yet commenced as of March 31, 2021, is \$4,175.

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

	Three Months Ended		Six Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Operating lease cost	\$ 3,804	\$ 2,917	\$ 7,049	\$ 5,940
Finance lease cost				
Amortization of lease assets	133	60	242	60
Interest on lease liabilities	26	15	48	15
Finance lease cost	159	75	290	75
Short-term lease cost	237	279	550	475
Variable lease cost	343	251	634	428
Total lease cost	\$ 4,543	\$ 3,522	\$ 8,523	\$ 6,918

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

	Three Months Ended		Six Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Operating cash flows used for operating leases	\$ 3,654	\$ 3,181	\$ 7,649	\$ 6,298
Operating cash flows used for finance leases	—	15	48	15
Right-of-use assets obtained in exchange for new operating lease liabilities	6,247	2,557	14,861	8,144
Right-of-use assets obtained in exchange for new finance lease liabilities	396	497	960	928



	March 31, 2021	September 30, 2020
Weighted-average remaining lease term - operating leases	4.9 years	4.3 years
Weighted-average remaining lease term - finance leases	4.2 years	4.4 years
Weighted-average discount rate - operating leases	3.8 %	3.9 %
Weighted-average discount rate - finance leases	4.7 %	5.1 %

#### 14. BUSINESS COMBINATIONS AND DIVESTITURES

##### Fiscal 2021

The Company completed three acquisitions during the six months ended March 31, 2021:

- Bayonet Plumbing, Heating and Air-Conditioning, LLC ("Bayonet") - On December 21, 2020, we acquired an 80% ownership interest in Bayonet, a Hudson, Florida-based provider of residential heating, ventilation and air conditioning (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 will expand 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, will advance 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 \$55,468, of which \$5,799 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. Each acquired entity completed its application for forgiveness of the outstanding balance of their respective PPP loans prior to being acquired by us. If the PPP loans are forgiven in full, these funds will be released to the acquired entities, and under the terms of our agreement with the sellers, these funds will then be repaid to the sellers. If any of the PPP loans are not forgiven in full, funds will be paid from the escrow account to the respective lender in satisfaction of the unforgiven balance of such PPP loan. During the six months ended March 31, 2021, one of the PPP loans was forgiven, and related escrowed funds were released. The remaining escrowed funds are included in Restricted Cash, with a corresponding liability in Accounts Payable and Accrued Expenses on our Condensed Consolidated Balance Sheets.

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	\$ 14,980
Property and equipment	4,867
Intangible assets	39,995
Goodwill	21,564
Operating right of use assets	296
Current liabilities	(12,027)
Operating long-term lease liability	(342)
Deferred tax liability	(3,071)
Noncontrolling interest	(10,794)
Net assets acquired	\$ <u>55,468</u>

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 \$21,564 of which \$11,329 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 6.2.

These acquisitions contributed \$44,539 in additional revenue and \$2,437 in operating income during the six months ended March 31, 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 & Control Systems, LLC ("PPCS") in February 2020.

#### *Unaudited Pro Forma Information*

The following unaudited supplemental pro forma results of operations for the three and six months ended March 31, 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 March 31,		Six Months Ended March 31,	
	2021	2020	2021	2020
Revenues	\$ 331,961	\$ 331,615	\$ 670,132	\$ 648,411
Net income attributable to IES Holdings, Inc.	\$ 12,878	\$ 9,321	\$ 25,145	\$ 19,212

## 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 related governmental response continue to cause significant disruption to the economy, the operations of our customers and vendors, and the health of millions of individuals, including our employees and customers, across the markets in which we operate and beyond. As a result, COVID-19 has adversely affected, and is expected to continue to adversely affect, our business. Our primary focus has been, and continues to be, on protecting the health and safety of our employees and customers while maintaining the continuity of our operations. We have implemented operational and protective measures to safeguard our employees and customers, including screening for COVID-19 symptoms, providing personal protective equipment, increasing cleaning and sanitizing, and implementing physical distancing measures to the extent possible. While most of our facilities and job sites continue to operate, some are operating at reduced capacity. We have seen COVID-19 affect demand in some areas of our business, where construction or maintenance projects have been delayed or customers have deferred the start of new projects; however, there are other areas in which we have seen an increase in demand, particularly as it relates to critical infrastructure for data centers, distribution centers, and communications.

The COVID-19 pandemic and related responses are constantly evolving, and therefore, continue to present potential new risks to our business. To date, the COVID-19 pandemic has had a number of adverse impacts on our results of operations. While government restrictions on business activity have eased in some areas, the pandemic continues to present challenges to our operations, including the implementation and maintenance of evolving health and safety protocols. Factors that we expect will continue to affect our results 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; and limitations on the ability of our customers to pay us on a timely basis. The pandemic may also exacerbate our vulnerability to security breaches, cyber-attacks, computer viruses, ransomware, or other similar events as a result of increased reliance on information technology systems, particularly as more of our employees are working remotely during the pandemic.

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 operation and financial condition are difficult to predict and depend on numerous evolving factors outside our control including: the duration and scope of the pandemic; government, social, business and other actions that have been and will be taken in response to the pandemic; increases in COVID-19 case counts; any additional waves of the virus; availability of the vaccine and its ultimate efficacy on new variants of the virus; and the effect of the pandemic on short- and long-term general economic conditions.

Recently, we have experienced price increases in commodities such as copper and steel. Some materials, such as certain plastics, have also recently 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 timely, 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 March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 331,961	100.0 %	\$ 291,277	100.0 %
Cost of services	267,087	80.5	240,013	82.4
Gross profit	64,874	19.5	51,264	17.6
Selling, general and administrative expenses	47,655	14.4	42,036	14.4
Contingent consideration	73	—	—	—
Loss (gain) on sale of assets	18	—	(1)	—
Operating income	17,128	5.2	9,229	3.2
Interest and other (income) expense, net	174	0.1	588	0.2
Income from operations before income taxes	16,954	5.1	8,641	3.0
Provision for income taxes	3,611	1.1	2,428	0.8
Net income	13,343	4.0	6,213	2.1
Net (income) loss attributable to noncontrolling interest	(507)	(0.2)	18	—
Net income attributable to IES Holdings, Inc.	\$ 12,836	3.9 %	\$ 6,231	2.1 %

Consolidated revenues for the three months ended March 31, 2021, were \$40.7 million higher than for the three months ended March 31, 2020, an increase of 14.0%, with increases at our Residential and Infrastructure Solutions segments driven by strong demand and the contribution of businesses acquired subsequent to the second quarter of 2020. Revenues decreased at our Commercial & Industrial segment, where many of our markets remain highly competitive and have been more highly affected by COVID-19. Revenues also decreased slightly at our Communications segment.

Consolidated gross profit for the three months ended March 31, 2021 increased \$13.6 million compared to the three months ended March 31, 2020. Our overall gross profit percentage increased to 19.5% during the three months ended March 31, 2021, as compared to 17.6% during the three months ended March 31, 2020. Gross profit as a percentage of revenue increased at our Communications, Infrastructure Solutions, and Commercial & Industrial segments, while decreasing at our Residential segment. 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 March 31, 2021, our selling, general and administrative expenses were \$47.7 million, an increase of \$5.6 million, or 13.4%, over the three months ended March 31, 2020, driven largely by increased personnel costs at our Residential operating segment in connection with its growth, and by expenses incurred at businesses acquired subsequent to the second quarter of fiscal 2020. Selling, general and administrative expense as a percent of revenue remained flat at 14.4% for the three months ended March 31, 2020 and March 31, 2021.

	Six Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
Revenues	\$ 646,799	100.0 %	\$ 567,320	100.0 %
Cost of services	523,246	80.9	465,841	82.1
Gross profit	123,553	19.1	101,479	17.9
Selling, general and administrative expenses	90,441	14.0	79,908	14.1
Contingent consideration	73	—	—	—
Loss (gain) on sale of assets	8	—	(37)	—
Operating income	33,031	5.1	21,608	3.8
Interest and other (income) expense, net	228	—	968	0.2
Income from operations before income taxes	32,803	5.1	20,640	3.6
Provision for income taxes	7,250	1.1	5,897	1.0
Net income (loss)	25,553	4.0	14,743	2.6
Net income attributable to noncontrolling interest	(619)	(0.1)	(10)	—
Net income (loss) attributable to IES Holdings, Inc.	\$ 24,934	3.9 %	\$ 14,733	2.6 %

Consolidated revenues for the six months ended March 31, 2021, were \$79.5 million higher than for the six months ended March 31, 2020, an increase of 14.0%, 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 to 19.1% during the six months ended March 31, 2021, as compared to 17.9% during the six months ended March 31, 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 six months ended March 31, 2021, our selling, general and administrative expenses were \$90.4 million, an increase of \$10.5 million, or 13.2%, over the six months ended March 31, 2020, driven by increased personnel costs at our Communications and Residential operating segments in connection with their growth, as well as increased incentive compensation in connection with improved results at those segments, as well as the impact of businesses acquired subsequent to the second quarter of fiscal 2020. Selling, general and administrative expense as a percent of revenue decreased slightly from 14.1% for the six months ended March 31, 2020, to 14.0% for the six months ended March 31, 2021.

## Communications

	Three Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
(Dollars in thousands, Percentage of revenues)				
Revenues	\$ 94,886	100.0 %	\$ 95,990	100.0 %
Cost of services	75,339	79.4	79,352	82.7
Gross profit	19,547	20.6	16,638	17.3
Selling, general and administrative expenses	9,615	10.1	9,419	9.8
Operating income	\$ 9,932	10.5 %	\$ 7,219	7.5 %

*Revenues.* Our Communications segment's revenues decreased by \$1.1 million during the three months ended March 31, 2021, or 1.2%, compared to the three months ended March 31, 2020. In January 2021, certain of our customers, particularly in e-commerce and distribution center businesses, had a longer than typical post-holiday ramp-up to normal levels of activity, and in February 2021, we experienced interruptions to our operations related to severe winter weather across Texas and the Midwest.

*Gross Profit.* Our Communications segment's gross profit during the three months ended March 31, 2021 increased by \$2.9 million compared to the three months ended March 31, 2020. Gross profit as a percentage of revenue increased from 17.3% to 20.6% as we benefited from improved operating efficiency.

*Selling, General and Administrative Expenses.* Our Communications segment's selling, general and administrative expenses increased by \$0.2 million, or 2.1%, during the three months ended March 31, 2021, compared to the three months ended March 31, 2020. The increase is a result of higher personnel cost, particularly related to higher incentive compensation expense in connection with improved profitability. Selling, general and administrative expenses as a percentage of revenue in the Communications segment were 10.1% during the three months ended March 31, 2021, compared to 9.8% for the three months ended March 31, 2020.

	Six Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 193,242	100.0 %	\$ 180,279	100.0 %
Cost of services	155,156	80.3	148,074	82.1
Gross profit	38,086	19.7	32,205	17.9
Selling, general and administrative expenses	18,956	9.8	17,988	10.0
Gain on sale of assets	—	—	(9)	—
Operating income	\$ 19,130	9.9 %	\$ 14,226	7.9 %

*Revenues.* Our Communications segment's revenues increased by \$13.0 million during the six months ended March 31, 2021, or 7.2%, compared to the six months ended March 31, 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 six months ended March 31, 2021 increased \$5.9 million, or 18.3%, as compared to the six months ended March 31, 2020. Gross profit as a percentage of revenue increased from 17.9% to 19.7%, as our margins benefited from the impact of an increased volume of work relative to our fixed costs, as well as an increase in higher margin fixed-price contracts.

*Selling, General and Administrative Expenses.* Our Communications segment's selling, general and administrative expenses increased \$1.0 million, or 5.4%, during the six months ended March 31, 2021, compared to the six months ended March 31, 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 marginally from 10.0% to 9.8% of segment revenue during the six months ended March 31, 2021, compared to the six months ended March 31, 2020.

## Residential

	Three Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 150,336	100.0 %	\$ 100,027	100.0 %
Cost of services	120,146	79.9	77,114	77.1
Gross profit	30,190	20.1	22,913	22.9
Selling, general and administrative expenses	21,609	14.4	15,754	15.7
Contingent consideration	73	—	—	—
Loss on sale of assets	52	—	—	—
Operating income	\$ 8,456	5.6 %	\$ 7,159	7.2 %

*Revenues.* Our Residential segment's revenues increased by \$50.3 million, or 50.3%, during the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase was driven by our single-family business, where revenues increased by \$41.5 million for the three months ended March 31, 2021, compared to the three months ended March 31, 2020, driven by strong demand for single-family housing. Multi-family and other revenue also increased by \$8.8 million. Businesses acquired during fiscal 2020 and 2021 contributed \$38.5 million of the total increase in revenue for the three months ended March 31, 2021 compared with the three months ended March 31, 2020. Excluding the impact of acquired businesses, our Residential segment's revenues grew by 12.0% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

**Gross Profit.** During the three months ended March 31, 2021, our Residential segment's gross profit increased by \$7.3 million, or 31.8%, compared to the three months ended March 31, 2020. The increase in gross profit was driven primarily by higher volumes, partly offset by increased commodity prices. Gross profit as a percentage of revenue decreased to 20.1% during the three months ended March 31, 2021, from 22.9% for the three months ended March 31, 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 37.2%, during the three months ended March 31, 2021, compared to the three months ended March 31, 2020. Selling, general and administrative expenses incurred at businesses acquired during fiscal 2020 and 2021, including amortization of intangible assets, contributed \$4.9 million of the increase. The remaining increase was driven by higher personnel cost in connection with the growth of the business, including incentive profit sharing for division management. Selling, general and administrative expenses as a percentage of revenue in the Residential segment decreased to 14.4% of segment revenue during the three months ended March 31, 2021, compared to 15.7% in the three months ended March 31, 2020.

	Six Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 269,827	100.0 %	\$ 192,755	100.0 %
Cost of services	216,109	80.1	149,699	77.7
Gross profit	53,718	19.9	43,056	22.3
Selling, general and administrative expenses	38,936	14.4	29,474	15.3
Contingent consideration	73	—	—	—
Loss on sale of assets	52	—	—	—
Operating income	\$ 14,657	5.4 %	\$ 13,582	7.0 %

**Revenues.** Our Residential segment's revenues increased by \$77.1 million, or 40.0%, during the six months ended March 31, 2021, compared to the six months ended March 31, 2020. The increase was driven by our single-family business, where revenues increased by \$58.7 million for the six months ended March 31, 2021, compared with the six months ended March 31, 2020. Multi-family and other revenue also increased by \$18.3 million. Businesses acquired in fiscal 2020 and fiscal 2021 contributed \$50.6 million of the total increase in revenue for the six months ended March 31, 2021 compared with the six months ended March 31, 2020. Excluding the impact of acquired businesses, our Residential segment's revenues grew by 13.9% for the six months ended March 31, 2021.

**Gross Profit.** During the six months ended March 31, 2021, our Residential segment's gross profit increased by \$10.7 million, or 24.8%, as compared to the six months ended March 30, 2020. The increase in gross profit was driven primarily by higher volumes, partly offset by increased commodity prices. Gross margin as a percentage of revenue decreased to 19.9% during the six months ended March 31, 2021, from 22.3% during the six months ended March 31, 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 \$9.5 million, or 32.1%, during the six months ended March 31, 2021, compared to the six months ended March 31, 2020. Selling, general and administrative expenses incurred at businesses acquired during fiscal 2020 and 2021, including amortization of intangible assets, contributed \$6.8 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 14.4% of segment revenue during the six months ended March 31, 2021, from 15.3% during the six months ended March 31, 2020.

## Infrastructure Solutions

	Three Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 34,716	100.0 %	\$ 29,300	100.0 %
Cost of services	25,161	72.5	22,055	75.3
Gross profit	9,555	27.5	7,245	24.7
Selling, general and administrative expenses	6,242	18.0	4,918	16.8
Gain on sale of assets	(26)	(0.1)	—	—
Operating income	\$ 3,339	9.6 %	\$ 2,327	7.9 %

*Revenues.* Revenues in our Infrastructure Solutions segment increased \$5.4 million during the three months ended March 31, 2021, an increase of 18.5% compared to the three months ended March 31, 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 March 31, 2021 increased \$2.3 million as compared to the three months ended March 31, 2020, reflecting higher volume and improved efficiency in our custom power solutions business. Gross profit as a percentage of revenue increased from 24.7% to 27.5%, as we benefited from operational efficiencies.

*Selling, General and Administrative Expenses.* Our Infrastructure Solutions segment's selling, general and administrative expenses during the three months ended March 31, 2021 increased \$1.3 million when compared to the three months ended March 31, 2020, primarily as a result of expense incurred at businesses acquired during fiscal 2020 and 2021, including amortization of intangible assets. Selling, general and administrative expenses as a percent of revenue increased from 16.8% to 18.0%.

	Six Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 69,117	100.0 %	\$ 60,583	100.0 %
Cost of services	48,625	70.4	45,568	75.2
Gross profit	20,492	29.6	15,015	24.8
Selling, general and administrative expenses	11,853	17.1	9,411	15.5
Gain on sale of assets	(27)	—	—	—
Operating income	\$ 8,666	12.5 %	\$ 5,604	9.3 %



*Revenues.* Revenues in our Infrastructure Solutions segment increased \$8.5 million, or 14.1%, during the six months ended March 31, 2021 compared to the six months ended March 31, 2020. The increase in revenue was driven primarily by businesses acquired during fiscal 2020 and 2021, which contributed \$7.5 million of the increase in revenue for the six months ended March 31, 2021 compared with the six months ended March 31, 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 industry, where production has been reduced.

*Gross Profit.* Our Infrastructure Solutions segment's gross profit during the six months ended March 31, 2021 increased \$5.5 million as compared to the six months ended March 31, 2020, primarily as a result of increased revenue from our acquired business, and also reflecting improved overall operational efficiencies. Gross profit as a percentage of revenues increased to 29.6% for the six months ended March 31, 2021 compared with 24.8% for the six months ended March 31, 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 six months ended March 31, 2021 increased \$2.4 million compared to the six months ended March 31, 2020, primarily as a result of expenses incurred at businesses acquired during fiscal 2020 and 2021, including amortization of intangible assets. These businesses contributed \$2.0 million of the increase for the six months ended March 31, 2021, compared with the six months ended March 31, 2020. Selling, general and administrative expenses as a percent of revenue increased from 15.5% for the six months ended March 31, 2020 to 17.1% for the six months ended March 31, 2021, primarily as a result of the increase in amortization expense.

## Commercial & Industrial

	Three Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 52,023	100.0 %	\$ 65,960	100.0 %
Cost of services	46,441	89.3	61,492	93.2
Gross profit	5,582	10.7	4,468	6.8
Selling, general and administrative expenses	6,744	13.0	8,586	13.0
Gain on sale of assets	(8)	—	(1)	—
Operating loss	\$ (1,154)	(2.2) %	\$ (4,117)	(6.2) %

*Revenues.* Revenues in our Commercial & Industrial segment decreased \$13.9 million, or 21.1%, during the three months ended March 31, 2021, compared to the three months ended March 31, 2020. Our Commercial & Industrial segment continues to be affected by the ongoing COVID-19 pandemic, which resulted in delays in awarding new projects and decreased demand for new construction in certain sectors we serve. This market remains highly competitive.

*Gross Profit.* Our Commercial & Industrial segment's gross profit during the three months ended March 31, 2021, increased by \$1.1 million, as compared to the three months ended March 31, 2020. We have adjusted our cost structure in response to a highly competitive market and a decrease in demand and have improved our procurement process and achieved operating efficiencies on certain projects. Gross profit as a percentage of revenue increased from 6.8% for the three months ended March 31, 2020, to 10.7% for the three months ended March 31, 2021.

*Selling, General and Administrative Expenses.* Our Commercial & Industrial segment's selling, general and administrative expenses during the three months ended March 31, 2021 decreased \$1.8 million, or 21.5%, compared to the three months ended March 31, 2020. The higher expenses in fiscal 2020 primarily reflected a write-off recorded in the quarter ended March 31, 2020 related to a commercial dispute, as well as costs incurred in 2020 to improve our procurement process. As demand in the segment has decreased, we continue to focus on controlling costs. Despite lower volumes, selling, general and administrative expenses as a percentage of revenue remained unchanged at 13.0% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

	Six Months Ended March 31,			
	2021		2020	
	\$	%	\$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	\$ 114,613	100.0 %	\$ 133,703	100.0 %
Cost of services	103,356	90.2	122,500	91.6
Gross profit	11,257	9.8	11,203	8.4
Selling, general and administrative expenses	13,168	11.5	15,874	11.9
Gain on sale of assets	(17)	—	(28)	—
Operating loss	\$ (1,894)	(1.7) %	\$ (4,643)	(3.5) %

*Revenues.* Revenues in our Commercial & Industrial segment decreased \$19.1 million during the six months ended March 31, 2021, or 14.3%, compared to the six months ended March 31, 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 have 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.

*Gross Profit.* Our Commercial & Industrial segment's gross profit during the six months ended March 31, 2021 increased by \$0.1 million, or 0.5%, as compared to the six months ended March 31, 2020. We have improved project efficiency and our procurement process, and as a result, gross profit as a percentage of revenue increased from 8.4% for the six months ended March 31, 2020, to 9.8% for the six months ended March 31, 2021.

*Selling, General and Administrative Expenses.* Our Commercial & Industrial segment's selling, general and administrative expenses during the six months ended March 31, 2021 decreased \$2.7 million, or 17.0%, compared to the six months ended March 31, 2020. The higher expense in fiscal 2020 primarily reflected a write-off recorded in the quarter ended March 31, 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 11.9% for the six months ended March 31, 2020 to 11.5% for the six months ended March 31, 2021.

#### INTEREST AND OTHER EXPENSE, NET

	Three Months Ended March 31,	
	2021	2020
	(In thousands)	
Interest expense	\$ 177	\$ 217
Deferred financing charges	48	103
Total interest expense	225	320
Other (income) expense, net	(51)	268
Total interest and other expense, net	\$ 174	\$ 588

During the three months ended March 31, 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 \$6.4 million under our revolving credit facility and fees on an average unused line of credit balance of \$87.7 million. This compares to interest expense of \$0.3 million for the three months ended March 31, 2020, primarily comprised of interest expense from our revolving credit facility, fees on an average letter of credit balance of \$7.2 million under our revolving credit facility and fees on an average unused line of credit balance of \$83.3 million.

	Six Months Ended March 31,	
	2021	2020
	(In thousands)	
Interest expense	\$ 303	\$ 355
Deferred financing charges	94	204
Total interest expense	397	559
Other (income) expense, net	(169)	409
Total interest and other expense, net	\$ 228	\$ 968

During the six months ended March 31, 2021, we incurred interest expense of \$0.4 million primarily comprised of interest expense from our revolving credit facility, fees on an average letter of credit balance of \$6.3 million under our revolving credit facility and fees on an average unused line of credit balance of \$89.1 million. This compares to interest expense of \$0.6 million for the six months ended March 31, 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 \$88.2 million.

### PROVISION FOR INCOME TAXES

We recorded income tax expense of \$3.6 million for the three months ended March 31, 2021, compared to income tax expense of \$2.4 million for the three months ended March 31, 2020.

We recorded income tax expense of \$7.3 million for the six months ended March 31, 2021, compared to income tax expense of \$5.9 million for the six months ended March 31, 2020.

### 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:

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Remaining performance obligations	\$ 614	\$ 525	\$ 505	\$ 523
Agreements without an enforceable obligation <sup>(1)</sup>	93	107	97	74
Backlog	<u>\$ 707</u>	<u>\$ 632</u>	<u>\$ 602</u>	<u>\$ 597</u>

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

## WORKING CAPITAL

During the six months ended March 31, 2021, working capital exclusive of cash and restricted cash decreased by \$3.6 million from September 30, 2020, reflecting a \$5.6 million increase in current assets excluding cash and a \$9.1 million increase in current liabilities during the period.

During the six months ended March 31, 2021, our current assets exclusive of cash and restricted cash increased to \$323.4 million, as compared to \$317.9 million as of September 30, 2020, primarily as a result of inventory acquired in business combinations. A seasonal decrease in accounts receivable was largely offset by the addition of accounts receivable at acquired businesses. Days sales outstanding reduced to 55 at March 31, 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 six months ended March 31, 2021, our total current liabilities increased by \$9.1 million to \$251.6 million, compared to \$242.4 million as of September 30, 2020, primarily related to an increase in accounts payable and accrued liabilities. A seasonal decrease in accounts payable and accrued liabilities was largely offset by current liabilities at acquired businesses.

### *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 March 31, 2021, the estimated cost to complete our bonded projects was approximately \$87.7 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 March 31, 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 March 31, 2021, our Liquidity was \$130.6 million, our Excess Availability was \$93.0 million (or greater than 50% of minimum Liquidity), and our Fixed Charge Coverage Ratio was 18.3:1.0.

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 March 31, 2021, we had \$7.0 million in outstanding letters of credit with Wells Fargo and no outstanding borrowings under our revolving credit facility.

#### *Operating Activities*

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

Operating activities provided net cash of \$48.4 million during the six months ended March 31, 2021, as compared to \$32.7 million of net cash provided in the six months ended March 31, 2020. The increase in operating cash flow resulted from an increase in earnings of \$10.8 million combined with an increase in depreciation and amortization expense of \$4.2 million during the six months ended March 31, 2021.

#### *Investing Activities*

Net cash used in investing activities was \$58.4 million for the six months ended March 31, 2021, compared to \$31.8 million for the six months ended March 31, 2020. We used \$55.5 million for business acquisitions and \$3.0 million for capital expenditures in the six months ended March 31, 2021. For the six months ended March 31, 2020, we used \$29.0 million to complete two acquisitions and \$2.9 million for capital expenditures.

#### *Financing Activities*

Net cash used in financing activities for the six months ended March 31, 2021 was \$1.2 million, compared to \$23.9 million provided by financing activities for the six months ended March 31, 2020. Net cash used by financing activities included \$0.7 million used to repurchase our shares to satisfy statutory withholding requirements upon the vesting of employee stock compensation. For the six months ended March 31, 2020, we drew \$592.4 million and repaid \$563.1 million on our revolving credit facility. Additionally, we used \$4.9 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 six months ended March 31, 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 March 31, 2021, we had commitments of \$11,569 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.

#### **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. However, as we have no long-term debt outstanding under our revolving credit facility as of March 31, 2021, we currently have no exposure to interest rate risk on our debt.

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. 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 March 31, 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, 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.

**Our bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could increase the costs for our shareholders to bring claims, discourage our shareholders from bringing claims, or limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our current or former directors, officers, employees or shareholders in such capacity.**

In April 2021, we amended our bylaws to provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for claims, including derivative claims that are based upon a violation of a duty by a current or former director, officer, employee or shareholder in such capacity or as to which the Delaware General Corporation Law confers jurisdiction upon the Court of Chancery. The exclusive forum provision may increase the costs for a shareholder to bring a claim or limit a shareholder's ability to bring a claim in a judicial forum that the shareholder finds favorable for disputes with us or our directors, officers, employees or shareholders in such capacity, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, the claims as to which they are intended to apply, then we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial position or results of operations. While the exclusive forum provision applies to state and federal law claims, our shareholders will not be deemed to have waived our compliance with, and the exclusive forum provision will not preclude or contract the scope of exclusive federal or concurrent jurisdiction for actions brought under, the federal securities laws, including the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

##### **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**

On April 28, 2021, the Board of Directors of IES adopted an amendment (the “Amendment”) to the Company’s Amended and Restated Bylaws (as so amended and further restated, the “Bylaws”), which became effective immediately upon adoption. The Amendment adds new Article X to the Bylaws and provides that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any internal corporate claims. For purposes of new Article X, “internal corporate claims” shall mean any claims, including claims in the right of the Company, (a) that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity; or (b) as to which the Delaware General Corporation Law confers jurisdiction upon the Court of Chancery. The preceding description of the Amendment is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the Bylaws, a copy of which is attached hereto as Exhibit 3.3 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

On April 28, 2021, the Board of Directors of IES approved the Second Amended and Restated Executive Officer Severance Benefit Plan (the “Amended Severance Plan”), which amends the Company’s previously-effective Amended and Restated Executive Officer Severance Benefit Plan (filed by the Company as Exhibit 10.30 to its Form 10-K filed on December 9, 2016) to (i) eliminate reimbursement for outplacement services following termination of employment, (ii) modify the restrictive covenants contained therein to better protect the Company against competition from former executives, and (iii) make certain other technical and clarifying amendments. The Amended Severance Plan is effective on April 29, 2021 and covers our named executive officers other than Mr. Gendell.

The foregoing description of the Amended Severance Plan is not complete and is qualified in its entirety by reference to the full text of the Amended Severance Plan, which is attached as Exhibit 10.2 to this Quarterly Report on Form 10-Q.



**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of IES Holdings, Inc., as amended by the Certificate of Amendment thereto, effective May 24, 2016 (composite).</a> (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2016).
3.2	<a href="#">Certificate of Designation of Series A Junior Participating Preferred Stock</a> (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 28, 2013).
3.3	<a href="#">Amended and Restated Bylaws of IES Holdings, Inc., effective April 28, 2021</a> <sup>(1)</sup>
4.1	<a href="#">Specimen common stock certificate.</a> (Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on December 9, 2016).
4.2	<a href="#">Tax Benefit Protection Plan Agreement by and between IES Holdings, Inc. and American Stock Transfer &amp; 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.</a> (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 9, 2016).
10.1	<a href="#">Joinder, Limited Consent and Sixth Amendment to Second Amended and Restated Credit and Security Agreement, dated as of December 21, 2020, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association</a> <sup>(1)</sup>
10.2	<a href="#">Seventh Amendment to Second Amended and Restated Credit and Security Agreement, dated March 15, 2021 and effective retroactive to December 21, 2020, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association</a> <sup>(1)</sup>
10.3	<a href="#">IES Holdings, Inc. Second Amended and Restated Executive Officer Severance Benefit Plan, effective April 29, 2021</a> <sup>(1)</sup>
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Jeffrey L. Gendell, Chief Executive Officer</a> <sup>(1)</sup>
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer</a> <sup>(1)</sup>
32.1	<a href="#">Section 1350 Certification of Jeffrey L. Gendell, Chief Executive Officer</a> <sup>(2)</sup>
32.2	<a href="#">Section 1350 Certification of Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer</a> <sup>(2)</sup>
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 <sup>(1)</sup>
101.SCH	XBRL Schema Document <sup>(1)</sup>
101.LAB	XBRL Label Linkbase Document <sup>(1)</sup>
101.PRE	XBRL Presentation Linkbase Document <sup>(1)</sup>
101.DEF	XBRL Definition Linkbase Document <sup>(1)</sup>
101.CAL	XBRL Calculation Linkbase Document <sup>(1)</sup>
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 April 30, 2021.

**IES HOLDINGS, INC.**

By: \_\_\_\_\_ /s/ TRACY A. MCLAUHLIN  
Tracy A. McLauchlin  
Senior Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer and Authorized Signatory)

**AMENDED AND RESTATED BYLAWS**

**OF**

**IES HOLDINGS, INC.**

**(Effective as of April 28, 2021)**

**ARTICLE I**

**OFFICES**

Section 1. The registered office of IES Holdings, Inc. (the “Corporation”) shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and outside of the state of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II**

**MEETINGS OF STOCKHOLDERS**

Section 1. All meetings of the stockholders for any purpose may be held, within or without the State of Delaware, at such time and place as shall be designated from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware.

Section 2. Annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. At the annual meeting, the stockholders shall elect by a plurality vote the Directors pursuant to Article III of these Bylaws, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, if any, date and hour of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given to each stockholder entitled to a vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder’s notice must be delivered to or mailed to and received at the principal executive offices of the Corporation not less than 80 days prior to the meeting; provided, however, that in the event that less than 90 days’ notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the date on which such notice of the date of the annual meeting was mailed or such public disclosure made.

A stockholder’s notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation’s books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially

owned by the stockholder, and (d) any material interest of the stockholder in such business. Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 3.

The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with this Section 3, and if the presiding officer should so determine, the presiding officer shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, at the election of the Corporation, either: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal executive office. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 5. Special meetings of the stockholders for any purpose may be called only by the Chairman of the Board of Directors and shall be called within 10 days after (i) receipt of the written request of the Board of Directors, pursuant to a resolution approved by a majority of the entire Board of Directors, or (ii) receipt of the written request of the holders of least 25% of the outstanding shares of Common Stock. The business permitted to be conducted at any special meeting of the stockholders is limited to the business brought before the meeting by the Chairman or by the Secretary at the request of a majority of the entire Board of Directors.

Section 6. Written notice of a special meeting stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. The holders of a majority of the stock issued, outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 8. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting, except as otherwise required by this Section 8, if the time and place, if any, thereof and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At such adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. If a quorum exists, action on a matter (other than the election of directors) shall be approved if the votes cast in favor of the matter exceed the votes cast opposing the matter. In determining the number of votes cast, shares abstaining from voting or not voted on a matter will not be treated as votes cast. The provisions of this paragraph will govern with respect to all votes of stockholders except as otherwise provided for in these Bylaws or in the certificate of incorporation or by a specific statutory provision superseding the provisions contained in these Bylaws or the certificate of incorporation.

Section 10. Each stockholder shall at every meeting of the stockholders, subject to any restriction or qualification set forth in the Certificate of Incorporation, be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted after three years from its date, unless the proxy provides for a longer period.

Section 11. Any action required or permitted to be taken by the stockholders of the Corporation must be affected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing of such stockholders.

Section 12. At each meeting of stockholders, the Chairman or Vice-Chairman of the Board of Directors shall preside, and the secretary shall keep records, and in the absence of either such officer, his duty shall be performed by a person appointed at the meeting.

### **ARTICLE III**

### **DIRECTORS**

#### **Number, Nomination, Removal**

Section 1. The number of Directors shall be fixed from time to time by the Board of Directors, but shall not be less than 1 nor more than 15 persons. The Directors shall be elected at the annual meeting of the stockholders in accordance with the provisions of Section 2 of this Article, and each Director elected shall hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Directors need not be stockholders.

Section 2. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of Directors may be made by the Board of Directors or a committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of Directors generally. Any stockholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than 80 days prior to the date of any annual or special meeting. In the event that the date of such annual or special meeting was not publicly announced by the Corporation by mail, press release or otherwise more than 90 days prior to the meeting, notice by the stockholder to be timely must be delivered to the Secretary of the Corporation not later than the close of business on the tenth day following the day on which such announcement of the date of the meeting was communicated to the stockholders.

Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, by the Board of Directors, and (e) the consent of each nominee to serve as a Director of the Corporation if so elected.

If the presiding officer of the meeting for the election of Directors determines that a nomination of any candidate for election as a Director at such meeting was not made in accordance with the applicable provisions of these Bylaws, such nomination shall be void.

Section 3. Subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional Directors under specified circumstances, newly created directorships resulting from any increase in the number of Directors and any vacancy on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors, or by a sole

remaining Director. Any Director elected or chosen as provided herein shall hold office until the sooner of the following events: (i) the expiration of the term of the directorship to which he is appointed, (ii) such time as his successor is elected and qualified or (iii) his resignation or removal. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of an incumbent Director.

Section 4. Subject to the rights of the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation to elect additional Directors under specified circumstances, any or all Directors may be removed from office, with or without cause, by the holders of a majority of the shares of Voting Stock.

For the purpose of this Section 4, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors. In any vote required by or provided for in this Section 4, each share of Voting Stock shall have the number of votes granted to it generally in the election of Directors.

Section 5. The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

#### **Meetings of the Board of Directors**

Section 6. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or outside of the State of Delaware.

Section 7. Meetings of the Board of Directors may be held at such time and place as shall be specified in a notice given in the manner hereinafter provided, or as shall be specified in a written waiver signed by all of the Directors.

Section 8. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 9. Special meetings of the Board of Directors may be called by the Chairman of the Board on 24 hours' notice to each Director, either personally or by telecopy or telegram; special meetings shall be called by the president, chief executive officer or secretary in like manner and on like notice on the written request of three Directors.

Section 10. Except as provided in these Bylaws to the contrary, at all meetings of the board a majority of the total number of Directors shall constitute a quorum for the transaction of business and the vote of a majority of the Directors entitled to vote and present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the certificate of incorporation shall require a vote of a greater number. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 11. Unless otherwise restricted by the certificate of incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 12. At all meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the Chairman or Vice-Chairman of the Board of Directors shall preside, and in the absence of either such Director a person shall be chosen by the board from among the Directors present to act as chairman of the meeting.

The secretary of the Corporation shall act as secretary of the meeting of the Board of Directors, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

### **Committees of Directors**

Section 13. The Board of Directors may, by resolution adopted by a majority of the whole board, designate one (1) or more committees, each committee to consist of one (1) or more Directors. The board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member of any meeting of the committee. In the absence or disqualification of a member, and the alternate or alternates, if any, designated for such member, of any committee, the member or members thereof present at the meetings and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any bylaw of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 14. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors.

### **Compensation of Directors**

Section 15. The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary or retainer as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

### **The Chairman of the Board of Directors**

Section 16. The Chairman of the Board of Directors of the Corporation shall preside at all meetings of stockholders and the Board of Directors. He shall perform such duties and have such powers as usually appertain to the office or as the Board of Directors may from time to time prescribe.

### **The Vice Chairman of the Board of Directors**

Section 17. The Vice Chairman of the Board of Directors of the Corporation shall perform such duties and have such powers as the Board of Directors or Chief Executive Officer may from time to time prescribe.

## **ARTICLE IV**

### **NOTICES**

Section 1. Whenever notice is required to be given to any Director or stockholder pursuant to a statutory provision or the certificate of incorporation or these Bylaws, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such Director or stockholder, at his address as it appears in the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to Directors may also be given personally or by telegram or telecopy.

Section 2. Whenever notice is required to be given pursuant to a statutory provision or the certificate of incorporation or Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## **ARTICLE V**

### **OFFICERS**

Section 1. The officers of the Corporation shall be chosen by the Board of Directors and shall be a chief executive officer, a president, a vice president, a secretary and a treasurer. The Board of Directors may also appoint chief operating officers, additional vice presidents and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these Bylaws otherwise provide.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a chief executive officer, a president, one or more chief operating officers, one or more vice presidents, a secretary and a treasurer.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors, a committee thereof or any such party to which either of them may delegate such authority.

Section 5. The officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

#### **The Chief Executive Officer**

Section 6. The Chief Executive Officer of the Corporation shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall have the authority to execute all documents and instruments necessary to carry out the management of the business of the Corporation. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of this Corporation. He shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe. He shall report to the Board of Directors.

#### **The President**

Section 7. The President of the Corporation shall perform such duties and have such powers as usually appertain to the office or as the Chief Executive Officer or the Board of Directors may from time to time prescribe. He shall have the authority to execute all documents and instruments necessary to carry out the management of the business of the Corporation. He shall report to the Chief Executive Officer.

#### **The Chief Operating Officers**

Section 8. The chief operating officers of the Corporation shall be responsible for the day-to-day operations of the Corporation and shall have the authority to execute all documents and instruments necessary to carry out such operations. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe. They shall report to the Board of Directors.

#### **The Vice Presidents**

Section 9. In the absence of the president or in the event of his inability or refusal to act, the vice president (or in the event there is more than one, the vice presidents in the order determined by the Board of Directors, or, if there be no such determination, then in the order of their election), shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions imposed upon the president. The vice presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.



### **The Secretary and the Assistant Secretary**

Section 10. The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation, if any such seal be adopted by resolution of the Board of Directors, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affirming thereof by his signature.

Section 11. The assistant secretary (or if there be more than one, the assistant secretaries in the order determined by the Board of Directors, or, if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

### **The Treasurer and Assistant Treasurer**

Section 12. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation.

Section 13. The assistant treasurer (or, if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors, or, if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

## **ARTICLE VI**

### **CERTIFICATES OF STOCK**

Section 1. Every holder of stock in the Corporation shall be entitled to a certificate, signed by, or in the name of the Corporation by, the Chairman of the Board, the chief executive officer, the president or a vice president and the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by him in the Corporation. Any signature on the certificate may be a facsimile. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class of stock, the designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Where a certificate is countersigned (1) by a transfer agent other than the Corporation or its employee or, (2) by a registrar other than the Corporation or its employee, any signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

### **Lost Certificates**

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

### **Transfers of Stock**

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by a proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

### **Fixing Record Date**

Section 5. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

### **Registered Stock Holders**

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

## **ARTICLE VII**

### **GENERAL PROVISIONS**

#### **Dividends**

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meetings, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

#### **Checks**

Section 3. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

## **Fiscal Year**

Section 4. The fiscal year of the Corporation shall begin on the first day of October of each year and end on the last day of September of each year, unless otherwise determined by the Board of Directors.

## **Seal**

Section 5. The corporate seal, if any such seal be adopted by resolution of the Board of Directors, will be in such form as the Board of Directors may prescribe. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise placed thereon.

## **Interested Directors and Officers**

Section 6.

(a) No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purposes, if;

- (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or
- (2) or the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract for transaction is specifically approved in good faith by vote of the stockholders; or
- (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholder.

(b) Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

## **ARTICLE VIII**

### **AMENDMENTS**

These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted by the affirmative vote of a majority of the entire Board of Directors at any meeting and without the consent or vote of the stockholders. These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted by the stockholders at any regular meeting of the stockholders or at any special meeting of the stockholders, if notice of such alteration, amendment, repeal or adoption of new Bylaws is contained in the notice of such meeting, by the holders of at least a majority of the total voting power of all shares of stock of the Corporation entitled to vote in the election of directors, considered for purposes of this Article VIII as one class.

## **ARTICLE IX**

### **INDEMNIFICATION AND INSURANCE**

Section 1. The Corporation shall, to the full extent permitted by Section 145 of Title 8 of the General Corporation Law of the State of Delaware, as amended from time to time, indemnify all officers and directors of the Corporation whom it may indemnify pursuant thereto. The provisions of this Article IX shall apply to acts or omissions occurring before or after the adoption hereof. The right of indemnification herein provided for shall not be exclusive of any other

right to which any Director or officer may now or hereafter be entitled under any statute, bylaw, agreement, vote of stockholders or disinterested Directors or otherwise, shall continue as to a person who has ceased to be such Director or officer entitled to indemnification pursuant to this Article IX and shall inure to the benefit of the heirs, executors and administrators of such Director or officer.

Section 2. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article IX or of Section 145 of the General Corporation Law of the State of Delaware.

Section 3. The indemnification provided by this Article IX shall be subject to all valid and applicable laws, and, in the event this Article IX or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control, and this Article IX shall be regarded as modified accordingly and, as so modified, shall continue in full force and effect.

## **ARTICLE X**

### **FORUM FOR ADJUDICATION OF DISPUTES**

#### **Forum**

Section 1. Unless the Corporation, in writing, selects or consents to the selection of an alternative forum, the sole and exclusive forum for any current or former stockholder (including any current or former beneficial owner) to bring internal corporate claims (as defined below), to the fullest extent permitted by law, and subject to applicable jurisdictional requirements, shall be the Court of Chancery of the State of Delaware. For purposes of this Article X, "internal corporate claims" means claims, including claims in the right of the Corporation: (a) that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity; or (b) as to which the Delaware General Corporation Law confers jurisdiction upon the Court of Chancery.

#### **Enforceability**

Section 2. If any provision of this Article X shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Article X (including, without limitation, each portion of any sentence of this Article X containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities or circumstances shall not in any way be affected or impaired thereby.

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

THIS JOINDER, LIMITED CONSENT, AND SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (this "Amendment"), dated December 21, 2020, 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 December 21, 2020, by and among IES Residential, Bayonet Plumbing, Heating & Air-Conditioning, LLC, a Florida limited liability company (the "New Borrower"), Robert N. Blankenship Revocable Inter Vivos Trust u/a/d January 29, 2018, ("RNB"), and Robert C. Blankenship Revocable Inter Vivos Trust u/a/d January 29, 2018 ("RCB" and, together with RNB, 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, (i) the New Borrower is indebted to Bank of Tampa for a loan incurred under 15 U.S.C. 636(a)(36) (as added to the Small Business Act by Section 1102 of the CARES Act) in an aggregate principal amount of \$4,812,700 (the "PPP Loan"), (ii) prior to the date hereof, the Borrower has applied for forgiveness of the PPP Loan in accordance with Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), as amended from time to time and applicable rules, requests, guidelines, directives and/or regulations thereunder or issued by the Small Business Administration or any other Government Entity in connection therewith, in each case as in effect from time to time (the "CARES Act"), and (iii) on the closing date of the Acquisition and pursuant to the terms of the Purchase Agreement, IES Residential will transfer to Bank of Tampa, the "PPP Escrow Amount" (as defined in the Purchase Agreement) to be held in the "PPP Escrow Account" (as defined in the Purchase Agreement), which is in an amount sufficient to satisfy all of New Borrower's obligations under the PPP Loan (including ,without limitation, the payment of all principal and interest) and such amount shall be used first to satisfy all of the New Borrower's obligations under the PPP Loan, all in accordance

with the terms of the "PPP Escrow Agreement" (as defined in the Purchase Agreement) and the Purchase Agreement (collectively, the arrangement described in this recital, the "PPP Loan and Escrow Arrangement").

D. WHEREAS, IES Residential entered into that certain Stock Purchase Agreement dated as of November 5, 2020, by and among IES Residential, K.E.P. Electric, Inc., an Ohio corporation ("KEP"), Kevin Padgett, an individual resident of Ohio ("K. Padgett"), and Carmen Padgett, an individual resident of Ohio ("C. Padgett"; and together with K. Padgett, the "KEP Sellers"), whereby the KEP Sellers will sold and transferred 100% of the Stock of KEP to IES Residential (the "Acquisition").

E. WHEREAS, IES Infrastructure Solutions, LLC, a Delaware limited liability company ("IES Infrastructure") entered into that certain Stock Purchase Agreement dated as of November 19, 2020, by and among IES Infrastructure, Wedlake Fabricating, Inc., an Oklahoma corporation (the "Wedlake"), Brian Wedlake, an individual resident of Oklahoma ("B. Wedlake"), and Melissa Wedlake, an individual resident of Oklahoma ("M. Wedlake"; and together with B. Wedlake, the "Wedlake Sellers"), whereby the Wedlake Sellers will sell and transfer 100% of the Stock of Wedlake to IES Infrastructure (the "Wedlake Acquisition").

F. WHEREAS, Administrative Borrower, on behalf of itself and each other Borrower and Guarantor, has requested that Lender (i) consent to the Acquisition and the PPP Loan and Escrow Arrangement, (ii) join New Borrower as a Borrower to the Credit Agreement, (iii) amend certain provisions in the Credit Agreement as set forth herein, and (iv) agree that the aggregate consideration paid in connection with the KEP Acquisition and the Wedlake Acquisition shall not reduce the purchase price limit set forth in clause (k) of the definition of "Permitted Acquisition" set forth in the Credit Agreement.

G. WHEREAS, Lender has agreed to (i) consent to the Acquisition and the PPP Loan and Escrow Arrangement, (ii) join New Borrower as a Borrower to the Credit Agreement, (iii) amend the Credit Agreement in connection with the consummation of the Acquisition on the terms and conditions as set forth herein, and (iv) agree that the aggregate consideration paid in connection with the KEP Acquisition and the Wedlake Acquisition shall not reduce the purchase price limit set forth in clause (k) of the definition of "Permitted Acquisition" set forth in the Credit Agreement.

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 7.12. Section 7.12 of the Credit Agreement is hereby amended by (a) deleting the reference to "and" at the end of clause (e), (b) inserting a reference to "; and" at the end of clause (f), and (c) inserting new clause (g) as follows:

"(f) so long as no Default or Event of Default has occurred and is continuing, IES Residential may make additional capital contributions to Bayonet in an aggregate amount not to exceed \$750,000."

1.02 Amendment 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:

"Bayonet" means Bayonet Plumbing, Heating & Air-Conditioning, LLC, a Florida limited liability company.

"Permitted Bayonet Seller Note Indebtedness" means the unsecured Indebtedness in the aggregate principal amount of \$4,500,000 evidenced by that certain Unsecured Promissory Note dated as of December 21, 2020, executed by IES Residential in favor of Robert C. Blankenship Trust, as in effect on the date hereof.

"Sixth Amendment Effective Date" means December 21, 2020.

(b) The defined term "Change of Control" in Schedule 1.1 of the Credit Agreement is hereby amended by (a) replacing the reference to "or" at the end of clause (d) with ";", (b) replacing the reference to "." at the end of clause (e) with ", or", and (c) inserting new clause (g) as follows:

"(g) IES Residential or another Loan Party (subject to execution of a Pledged Interests Addendum pursuant to Section 6.12(h)(iii)) ceases to own eighty percent (80%) (or such greater amount that IES Residential or another Loan Party may own from time to time following the Closing Date) of the membership interests of Bayonet."

(c) The defined term "Permitted Indebtedness" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting the "and" at the end of clause (k), (ii) re-styling clause (l) as clause (m), and (iii) inserting new clause (l) therein to read as follows:

(l) Permitted Bayonet Seller Note Indebtedness, subject to the subordination terms set forth in Section 3 of that certain Unsecured Promissory Note dated as of December 21, 2020, executed by IES Residential in favor of Robert N. Blankenship Trust and Robert C. Blankenship Trust, as in effect on the date hereof; and

(d) The defined term "Permitted Investments" in Schedule 1.1 of the Credit Agreement is hereby amended by (i) replacing the "." at the end of clause (j) with "; and", and (ii) inserting new clause (k) therein to read as follows:

"(k) Investments (subject to the limitations in Section 7.12(f)) by IES Residential or another Loan Party consisting of eighty percent (80%) of the membership interests of Bayonet, or such greater amount owned by IES Residential or another Loan Party from time to time in Bayonet (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 Bayonet following the Sixth Amendment Effective Date)."

(e) The defined term "Restricted Junior Payment" in Schedule 1.1 of the Credit Agreement is hereby amended and restated as follows:

"Restricted Junior Payment" means (a) any declaration or payment of any dividend or the making of any other payment or distribution on account of Stock issued by any Loan Party (including any payment in connection with any merger or consolidation involving any Loan Party) or to the direct or indirect holders of Stock issued by any Loan Party in their capacity as such (other than dividends or distributions payable in Stock (other than Prohibited Preferred Stock) issued by any Loan Party), or (b) any purchase, redemption, or other acquisition or retirement for value (including in connection with any merger or consolidation involving any Loan Party) of any Stock issued by any Loan Party; provided so long as no Default or Event of Default exists or would result therefrom, (i) repurchases of Stock issued by Parent solely to satisfy federal income tax withholding obligations of employees with respect to stock-based compensation issued to them in accordance with applicable compensation plans shall not be deemed a Restricted Junior Payment so long as such repurchases are made in the ordinary course of business and in an aggregate amount not to exceed \$1,500,000 in any fiscal year of Borrowers, (ii) Parent may repurchase Stock issued by Parent for an aggregate purchase price not to exceed \$7,500,000, in the aggregate, on or before January 31, 2019 with respect to any vesting of performance based phantom stock units granted by Parent on October 2, 2015 and June 6, 2016, (iii) NEXT may make distributions of excess cash to the direct or indirect holders of Stock issued by NEXT in an amount proportionate to such holders ownership interest in the Stock issued by NEXT, (iv) NEXT may make distributions to certain equity owners thereof with respect to an exercise of any such equity owner's put rights pursuant to Section 10.3 of that certain Operating Agreement of NEXT dated as of July 14, 2017, among NEXT and the equity owners of NEXT as in effect as of such date, (v) Bayonet may make distributions of excess cash to the direct or indirect holders of Stock issued by Bayonet in an amount proportionate to such holders ownership interest in the Stock issued by Bayonet, and (vi) Bayonet may make distributions to certain equity owners thereof with respect to an exercise of any such equity owner's put rights pursuant to Section



10.3 of that certain Operating Agreement of Bayonet dated as of December 21, 2020, among Bayonet and the equity owners of Bayonet as in effect as of such date."

## **ARTICLE II**

### **CONSENT AND JOINDER**

2.01 **Consent to the Acquisition; PPP Loan and Escrow Arrangement.** Subject to the terms and conditions set forth below, Lender hereby (a) consents to IES Residential consummating the Acquisition pursuant to the terms of the Purchase Agreement, and (b) consents to the PPP Loan and Escrow Arrangement and the parties hereto agree that the Target's PPP Loan shall constitute "Permitted Indebtedness" for all purposes under the Credit 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.

2.04 **Agreement regarding Inventory and Accounts of Bayonet.** Notwithstanding any other provisions of the Credit Agreement or this Amendment to the contrary, it is hereby acknowledged and agreed that Accounts created by Bayonet shall not constitute Eligible

Accounts or Eligible Progress Billing Accounts until such date following the date hereof that Lender agrees in writing that such Accounts may constitute Eligible Accounts or Eligible Progress Billing Accounts (the date of such determination, "Bayonet Eligible Accounts Date"), and Inventory of Bayonet shall not constitute Eligible Inventory until such date following the date hereof that Lender agrees in writing that such Inventory may constitute Eligible Inventory (the date of such agreement, the "Bayonet Eligible Inventory Date"). It is hereby further acknowledged and agree that, until (and only until) such time as the Bayonet Eligible Accounts Date and/or the Bayonet Eligible Inventory Date has occurred, the existence of an unperfected (by virtue of Goodman Manufacturing Company, L.P., a Texas limited partnership or its Affiliates (collectively, "Goodman") not having a UCC-1 financing statement on file against Bayonet to perfect such security interest) security interest granted by Bayonet to Goodman in Inventory sold by Goodman to Bayonet and the proceeds thereof to secure amounts owing by Bayonet to Goodman in respect of Bayonet's purchases of Inventory from Goodman pursuant to the Commercial Credit Application and Statement of Terms (including Security Agreement) dated as of October 7, 2019 by Bayonet in favor of Goodman shall be deemed not to constitute a breach of Section 7.2 of the Credit Agreement.

2.05 **Agreement regarding KEP Acquisition and Wedlake Acquisition.** Subject to the terms and conditions set forth below, Lender hereby agrees that the aggregate consideration paid in connection with the KEP Acquisition and the Wedlake Acquisition shall not reduce the purchase price limit set forth in clause (k) of the definition of "Permitted Acquisition" set forth in the Credit Agreement.

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

(v) 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;

(vi) 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;

(vii) 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

(viii) 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:**

**BAYONET PLUMBING, HEATING AND AIR-CONDITIONING,  
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

Signature Page to Joinder, Limited Consent, and Sixth Amendment to Second Amended and Restated Credit and Security Agreement

**Exhibit A**

Purchase Agreement

**Exhibit B**

Checklist

## Exhibit C

### 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 the CFC Underwriting LLC, 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 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.
3. 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) 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;
  - (b) a Joinder to the Intercompany Subordination Agreement executed by New Borrower;
  - (c) an Information Certificate Supplement (or confirmation that no changes are necessary from the Information Certificate Supplemented delivered on the date of this Agreement);
  - (d) 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);
  - (e) 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

(f) 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

**SEVENTH AMENDMENT TO SECOND AMENDED  
AND RESTATED CREDIT AND SECURITY AGREEMENT**

THIS SEVENTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (this "Amendment"), dated March 15, 2021 and effective retroactive to December 21, 2020, 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, Administrative Borrower, on behalf of itself and each other Borrower and Guarantor, has requested that Lender amend certain provisions in the Credit Agreement as set forth herein.

C. WHEREAS, Lender has agreed to amend the Credit Agreement 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 Schedule 1.1.

(a) The defined term "Restricted Junior Payment" in Schedule 1.1 of the Credit Agreement is hereby amended and restated as follows:

"Restricted Junior Payment" means (a) any declaration or payment of any dividend or the making of any other payment or distribution on account of Stock issued by any Loan Party (including any payment in connection with any merger or consolidation involving any Loan Party) or to the direct or indirect holders of Stock issued by any Loan Party in their capacity as such (other than dividends or distributions payable in Stock (other than Prohibited Preferred Stock) issued by

any Loan Party), or (b) any purchase, redemption, or other acquisition or retirement for value (including in connection with any merger or consolidation involving any Loan Party) of any Stock issued by any Loan Party; provided so long as no Default or Event of Default exists or would result therefrom, (i) repurchases of Stock issued by Parent solely to satisfy federal income tax withholding obligations of employees with respect to stock-based compensation issued to them in accordance with applicable compensation plans shall not be deemed a Restricted Junior Payment so long as such repurchases are made in the ordinary course of business and in an aggregate amount not to exceed \$10,000,000 in any fiscal year of Borrowers, (ii) NEXT may make distributions of excess cash to the direct or indirect holders of Stock issued by NEXT in an amount proportionate to such holders ownership interest in the Stock issued by NEXT, (iii) NEXT may make distributions to certain equity owners thereof with respect to an exercise of any such equity owner's put rights pursuant to Section 10.3 of that certain Operating Agreement of NEXT dated as of July 14, 2017, among NEXT and the equity owners of NEXT as in effect as of such date, (iv) on or after March 15, 2021, Parent may repurchase shares of Stock issued by Parent for an aggregate purchase price not to exceed \$25,000,000, in the aggregate, (v) Bayonet may make distributions of excess cash to the direct or indirect holders of Stock issued by Bayonet in an amount proportionate to such holders ownership interest in the Stock issued by Bayonet, and (vi) Bayonet may make distributions to certain equity owners thereof with respect to an exercise of any such equity owner's put rights pursuant to Section 10.3 of that certain Operating Agreement of Bayonet dated as of December 21, 2020, among Bayonet and the equity owners of Bayonet as in effect as of such date.

**ARTICLE II**  
**[Reserved]**

**ARTICLE III**  
**NO WAIVER**

**3.01 No Waiver.** This Amendment is a limited consent and other than as set forth above in Article I 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 a fully executed copy of this Amendment in form and substance acceptable to Lender.

(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.

**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; and (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).

**ARTICLE VI**  
**[Reserved]**

**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; 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

By:  
Name: Michael Gerard  
Title: Authorized Signatory

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By:           /s/ Michael Gerard            
Name: Michael Gerard  
Title: Authorized Signatory

**IES HOLDINGS, INC.  
SECOND AMENDED AND RESTATED EXECUTIVE OFFICER  
SEVERANCE BENEFIT PLAN**

**1. PURPOSE AND TERM.** The IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.) (the “Company”) Amended and Restated Executive Officer Severance Benefit Plan was initially adopted by the Board of Directors of the Company (the “Board”) on January 23, 2012, was amended and restated in its entirety as of January 12, 2016 and is hereby further amended and restated in its entirety as of April 29, 2021. The purpose of the IES Holdings, Inc. Second Amended and Restated Executive Officer Severance Benefit Plan (“Plan”) is to provide severance benefits to certain senior executives of the Company and its adopting Affiliates (defined below) in the event the executive incurs a Qualifying Termination (defined below) or the executive’s employment terminates by reason of death or Disability (defined below).

**2. COVERED EXECUTIVES.**

2.01

(a) Automatic Coverage. Subject to Section 2.02, each employee who is a Senior Vice President or above of the Company automatically shall be a Covered Executive under this Plan.

(b) Additional Coverage. Subject to Section 2.02, any other employee of the Company or a Participating Affiliate (defined below) who is an officer and is designated as covered under the Plan by the Human Resources and Compensation Committee (the “Committee”) of the Board also shall be a Covered Executive under this Plan.

2.02 An individual who is otherwise described in Section 2.01(a) or 2.01(b) shall cease to be a Covered Executive if:

(a) he is covered pursuant to Section 2.01(a) above and subsequently, without a termination of employment, ceases to be a Senior Vice President or above of the Company;

(b) he is covered pursuant to Section 2.01(b) above and subsequently, without a termination of employment, ceases to be an officer of the Company or a Participating Affiliate;

(c) the Covered Executive’s employment terminates for any reason other than due to a Qualifying Termination or the Covered Executive’s death or Disability;

(d) the Covered Executive has or enters into an individual employment or severance agreement with the Company or an Affiliate that may provide severance benefits to him or her upon termination of employment: or

(e) the Covered Executive does not consent (in a form acceptable to the Company) to be bound by the covenants set forth in Section 9, including with respect to the portion of the Restricted Period (defined below) following the termination of his or her employment for any reason.

For purposes of coverage under this Plan, a transfer of a Covered Executive's employment to a non-Participating Affiliate shall not be deemed effective to terminate his or her coverage hereunder until thirty (30) days after written notice of such transfer has been furnished to the Covered Executive.

### **3. QUALIFICATION FOR SEVERANCE BENEFITS.**

- 3.01 Qualifying Terminations. In the event that a Covered Executive has a Qualifying Termination, or in the event of a Covered Executive's termination of employment due to his or her death or Disability, then, subject to Section 3.02, the Company or Participating Affiliate, whichever is the Covered Executive's employer, shall provide to, or on behalf of, such terminated Covered Executive the severance benefits set forth in Section 4.01, 4.02 or 4.04 of this Plan, as applicable.
- 3.02 Release and Waiver. Notwithstanding any other provisions of this Plan to the contrary, unless waived by the Committee with respect to the Covered Executive, in its sole discretion, the Company or Participating Affiliate, as the case may be, shall not provide, or have any obligation to provide, to a Covered Executive any severance payments or benefits under Section 4, other than the Accrued Rights (defined below), upon or following such Covered Executive's Qualifying Termination or termination of employment due to his or her Disability, unless (i) within twenty-one (21) days (or forty-five (45) days, if necessary to comply with applicable law) from the date of such termination of employment, the Covered Executive timely executes and delivers to the Company the Release (defined below), and (ii) the Covered Executive does not revoke the Release within any applicable revocation period therefor following the Covered Executive's delivery of the executed Release to the Company. If the requirements of this Section 3.02 are satisfied, then, subject to Section 5 below, the severance payments and benefits to which the Covered Executive is otherwise entitled to receive under Section 4 shall begin or be made, as applicable, as provided in Section 5. If the Release requirements of this Section 3.02 are not timely satisfied by the Covered Executive, then no severance payments or benefits, other than the Accrued Rights, shall be due the Covered Executive under this Plan.

#### 4. SEVERANCE BENEFITS.

4.01 Qualifying Termination prior to a Change in Control. If a Covered Executive has a Qualifying Termination prior to a Change in Control (defined below) and satisfies the Release conditions under Section 3.02, then, subject to Section 5, the Covered Executive shall receive the following severance benefits:

(a) Accrued Rights. Without regard to Section 3.02, the Covered Executive's Accrued Rights.

(b) Severance Pay. Continued payment of the Covered Executive's Base Pay (defined below) for twelve (12) months following the date of such termination, payable monthly in accordance with the Company's normal payroll practices as in effect on the date of termination, but not later than the last business day of each calendar month.

(c) Annual Bonus. Any unpaid Annual Bonus (defined below) that has been "earned" for the immediately preceding fiscal year plus an Annual Bonus for the current fiscal year, pro rated based on the percentage of the current fiscal year that shall have elapsed through the date of termination. The amount of any such Annual Bonus(es) shall be as determined by the Committee, including its determination of the extent the performance objectives, if any, for such fiscal year have been achieved. Such Annual Bonus(es) shall be payable (i) at the same time(s) that the annual bonus(es) for such respective fiscal year(s) are paid to other similar executives of the Company (or Participating Affiliates) or (ii) on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable, whichever shall later occur.

(d) Incentive/Equity Awards. A prorated amount of the Covered Executive's then outstanding unvested cash incentive awards and equity-based awards, other than an Annual Bonus or Performance Award (defined below), shall vest and payment made thereon, if applicable, on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable. Prior to such date, any unvested award(s) shall not be forfeited due to the Covered Executive's termination of employment, notwithstanding anything in the applicable grant agreement(s) to the contrary. The applicable prorated vested percentage for such an award(s) shall be the percentage of the full vesting period for such award(s) in which the Covered Executive was actively employed by the Company (or Participating Affiliate). Payment of such prorated vested awards, if any, shall be made on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable.

A prorated portion of each of the Covered Executive's then outstanding cash incentive awards or equity-based awards, the payment of which is dependent upon the achievement of performance objectives during a performance period that has not ended as of the Covered Executive's date of Qualifying Termination (a "Performance Award"),



shall vest at the end of the performance period applicable to such award, but only if and to the extent the performance objectives for such performance period have been achieved, as determined by the Committee (the “Performance Amount Achieved”), and the Release provided in Section 3.02 becomes irrevocable. The applicable prorated vested percentage for any such Performance Award shall be the product of the percentage of the full performance period for such Performance Award in which the Covered Executive was actively employed by the Company (or Participating Affiliate) and the Performance Amount Achieved, if any. Payment(s) of such Performance Award(s) that become vested, if any, shall be made (i) at the same time(s) the performance award(s) for such performance period(s) are paid to other similar executives of the Company (or Participating Affiliates) or (ii) on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable, whichever shall later occur.

(e) COBRA. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company’s (or Participating Affiliate’s) group health plan for the coverage elected by the Covered Executive and his or her eligible dependents, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for the Covered Executive (and his or her dependents) terminates.

4.02 Qualifying Termination on or within twelve (12) months following a Change in Control. If a Covered Executive has a Qualifying Termination on or within twelve (12) months following a Change in Control (defined below) and satisfies the Release conditions under Section 3.02, then, subject to Section 5, the Covered Executive shall receive the following severance benefits:

(a) Accrued Rights. The Covered Executive’s Accrued Rights.

(b) Severance Pay. In a lump sum, an amount equal to two (2) times the Covered Executive’s annual base pay, payable on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable.

(c) Annual Bonus. In a lump sum, an amount equal to two (2) times the greater of the most recent (i) Annual Bonus paid to the Covered Executive or (ii) Annual Bonus Opportunity (defined below) of the Covered Executive, payable on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable.

(d) Awards. All of the Covered Executive’s then outstanding unvested incentive, performance and equity-based awards (including, but not limited to, any unvested options, restricted stock, performance and phantom share units and stock appreciation rights then outstanding under the LTIP or any other equity plan subsequently adopted by the Company) shall vest in full, assuming any vesting requirements in such awards that are based on performance were achieved at maximum levels, and payment made thereon, if applicable, on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable.

(e) COBRA. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's (or Participating Affiliate's) group health plan for the coverage elected by the Covered Executive and his or her eligible dependents, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for the Covered Executive (and his or her dependents) terminates.

4.03 Change in Control. For purposes of the Plan, a Change in Control shall mean any of the following:

(a) Any person or any persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act, other than Tontine Capital Partners L.P. and its affiliates, the Company or any subsidiary, shall "beneficially own" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended from time to time), directly or indirectly, more than fifty percent (50%) of the ordinary voting power of all classes of capital stock of the Company entitled to vote generally in the election of the Board; or

(b) Current Directors (defined below) shall cease for any reason to constitute at least a majority of the members of the Board (for these purposes, a "Current Director" means, as of the date of determination, any person who (1) was a member of the Board on the date that the Company's Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code became effective or (2) was nominated for election or elected to the Board with the affirmative vote of a majority of the current directors who were members of the Board at the time of such nomination or election), or at any meeting of the stockholders of the Company called for the purpose of electing directors, a majority of the persons nominated by the Board for election as directors shall fail to be elected; or

(c) The consummation of a sale, lease, exchange or other disposition (in one transaction or a series of transactions) of all or substantially all of the assets of the Company; provided, however, a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Notwithstanding the above definition, with respect to any payment or acceleration hereunder that is subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), Change in Control shall mean a "change in control event" within the meaning of Section 409A of the Code and the Treasury Regulations thereunder.

4.04 Death or Disability. If a Covered Executive's employment terminates by reason of death or Disability, the Covered Executive or his or her estate (as the case may be) shall be entitled to receive the following:

(a) Accrued Rights. Without regard to Section 3.02, the Covered Executive's Accrued Rights.

(b) Annual Bonus. Any unpaid Annual Bonus that has been "earned" for the immediately preceding fiscal year plus an Annual Bonus for the current fiscal year, pro rated based on the percentage of the current fiscal year that shall have elapsed through the date of termination. The amount of any such Annual Bonus(es) shall be as determined by the Committee, including its determination of the extent the performance objectives, if any, for such fiscal year have been achieved. Such Annual Bonus(es) shall be payable (i) at the same time(s) that the annual bonus(es) for such respective fiscal year(s) are paid to other similar executives of the Company (or Participating Affiliates) or (ii) on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable, whichever shall later occur.

(c) Awards. All of the Covered Executive's then outstanding unvested incentive, performance and equity-based awards (including, but not limited to, any unvested options, restricted stock, performance and phantom share units and stock appreciation rights then outstanding under the LTIP or any other equity plan subsequently adopted by the Company) shall vest in full, assuming any vesting requirements in such awards that are based on performance were achieved at maximum levels, and payment made thereon, if applicable, on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable. Prior to such date, any unvested award(s) shall not be forfeited due to the Covered Executive's termination of employment, notwithstanding anything in the applicable grant agreement(s) to the contrary; provided, however, any stock options or stock appreciation rights shall continue to be exercisable for the lesser of (i) twelve (12) months following the Covered Executive's termination or (ii) the term of such awards.

(d) COBRA. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's (or Participating Affiliate's) group health plan for the coverage elected by the Covered Executive and his or her eligible dependents, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for the Covered Executive (and his or her dependents) terminates.

(e) Any question as to the existence of the Disability of the Covered Executive as to which the Covered Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Covered Executive and the Company. If the Covered Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Covered Executive shall be final and conclusive for all purposes of the Agreement.

(f) If a Covered Executive dies after his or her Qualifying Termination or a termination of the Covered Executive's employment by reason of his or her Disability and prior to the payment of all severance payments and benefits due under this Plan (the Covered Executive shall be deemed to have complied with Section 3.02 if his or her death occurs prior to the end of the period for executing the Release), the remaining payments shall be paid to his or her estate and the COBRA benefits shall continue as provided above.

4.05 Parachute Tax Cut-Back. Notwithstanding anything in this Plan to the contrary, if the Covered Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits to be provided to Covered Executive under this Plan, together with any other payments and benefits to which the Covered Executive has the right to receive from the Company or any other person, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits to be provided under this Plan either (a) shall be reduced (but not below zero) so that the present value of such total amounts and benefits received by the Covered Executive will be \$1.00 less than three (3) times the Covered Executive's "base amount" (as defined in Section 280G(b)(3) of the Code), so that no portion of the amounts to be received will be subject to the excise tax imposed by Section 4999 of the Code or (b) shall be paid in full, whichever result produces the better "net after-tax" benefit to the Covered Executive (taking into account all applicable taxes, including excise tax under Section 4999 of the Code). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments to be paid in cash hereunder (beginning with such payment that would be made last in time and continuing, to the extent necessary, through to such payment that would be made first in time) and, then, reducing any benefits to be provided hereunder in-kind in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith.

## 5. TIME OF PAYMENT/SECTION 409A COMPLIANCE.

5.01 Payment. Subject to Section 5.02, the payments due, if any, pursuant to Sections 4.01 and 4.02 hereof shall be made as provided therein.

5.02 409A Compliance.

(a) Required Delay. Notwithstanding anything in the Plan to the contrary concerning the time of payment of any severance benefit, if the Covered Executive is a “specified employee,” as defined in Treas. Reg. § 1.409A-1(i), as of his or her termination of employment, then to the extent an amount payable under the Plan to such Covered Executive upon or as a result of his or her “separation from service” would be subject to the additional tax provided by Section 409A of the Code, such amount shall not be paid to the Covered Executive until the date that is six (6) months after the date of his or her Qualifying Termination (or, if earlier, his or her date of death). Such delayed payment shall be made in a lump sum on such delayed payment date and shall bear interest at the applicable short-term federal rate (as defined in Section 7872(f)(2)(A) of the Code) as of the date of the termination of employment from the date payment was otherwise to be made under Section 4 and the date the delayed amount is actually paid. Severance payments and benefits that are not subject to such Section 409A of the Code additional tax shall not be subject to this delay.

(b) Separate Payments. To the extent permitted under Section 409A of the Code and the applicable Treasury Regulations thereunder, each payment to a Covered Executive under the Plan shall be treated as a “separate payment.”

(c) Reimbursements. Any severance payment or benefit under this Plan to which Section 409A of the Code applies that constitutes a reimbursement or the in-kind benefit shall be subject to the following: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided during the Covered Executive’s taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year (this requirement shall not apply to an arrangement that provides for the reimbursement of expenses referred to in Section 105(b) of the Code); (ii) the reimbursement of an eligible expense shall be made on or before the last day of the Covered Executive’s taxable year following the taxable year in which the expense was incurred; and (iii) the right to reimbursement or to receive an in-kind benefit shall not be subject to liquidation or exchange by the Covered Executive for other payment or benefit.

(d) Timing of Certain Payments. Notwithstanding anything in the Plan to the contrary (i) if it is determined that the payment under Section 4.02 (b) is a “substitution” payment under Section 409A of the Code, such payment will be made in the same form and at the same time as the “substituted payment” would have been made; and (ii) if any payments or benefits are conditioned on the Release becoming irrevocable, the first payment shall include all amounts that would otherwise have been paid to the Covered Executive during the period beginning on the date of his or her termination of employment and ending on the payment date if no delay had been imposed. Provided that in the event the potential period for the Release’s irrevocable date straddles two calendar years, the earliest date on which such payment will be made is January 1<sup>st</sup> of the year following the Covered Executive’s termination.

(e) 409A Compliance. The Plan shall be construed to comply with Section 409A of the Code, to the extent applicable, and, in this regard, a “termination of employment” shall mean, and must be, a “separation from service” for purposes of Section 409A of the Code.

## **6. ADMINISTRATION.**

The Company shall be responsible for the administration of this Plan and shall serve as the Plan’s administrator. The Company may appoint or employ such persons as it deems necessary to render advice with respect to any responsibility of the Company under this Plan. The Company shall have the discretionary authority to decide all questions concerning the eligibility of any person to participate in this Plan, the right to and amount of any benefit payable under this Plan to any individual and the date on which any individual ceases to be a Plan participant. The Company may allocate to any one or more of its employees any responsibility it may have under this Plan. Any such person who receives full-time pay from the Company or an Affiliate shall receive no compensation from this Plan for his or her services in such capacity (other than expense reimbursements). Any such person shall not have any fiduciary responsibilities under this Plan. As Plan administrator, the Company shall maintain records of the Plan’s administration and shall be responsible for the handling, processing and payment of claims for benefits under this Plan.

## **7. CLAIMS PROCEDURE.**

### **7.01 Claims Procedure (For Benefits Other Than Disability-Related Benefits).**

(a) Filing a Claim. Any Covered Executive or other person claiming an interest in this Plan (the “Claimant”) may file a claim in writing with the Company. The Company shall review the claim itself or appoint an individual or entity to review the claim.

(b) Claim Decision. The Claimant shall be notified within ninety (90) days after the claim is filed whether the claim is approved or denied, unless the Company determines that special circumstances beyond the control of the Plan require an extension of time, in which case the Company may have up to an additional ninety (90) days to process the claim. If the Company determines that an extension of time for processing is required, the Company shall furnish written or electronic notice of the extension to the Claimant before the end of the initial ninety (90)-day period. Any notice of extension shall describe the special circumstances necessitating the additional time and the date by which the Company expects to render its decision.

(c) Notice of Denial. If the Company denies the claim, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

(i) The specific reasons for the denial of the Claimant's claim;

(ii) References to the specific Plan provisions on which the denial of the Claimant's claim was based;

(iii) If applicable, a description of any additional material or information necessary for the claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) The claims review procedure and the time limits applicable to such procedures, including a statement of the right to bring a civil action under Section 502(a) of ERISA (defined below) following a benefit claim denial on review and institute an arbitration proceeding under Section 12.07.

(d) Appeal Procedures. A request for appeal of a denied claim must be made in writing to the Company within sixty (60) days after receiving notice of denial. The decision on appeal will be made within sixty (60) days after the Company's receipt of a request for appeal, unless special circumstances require an extension of time for processing, in which case a decision will be rendered not later than one hundred twenty (120) days after receipt of a request for appeal. A notice of such an extension must be provided to the Claimant within the initial sixty (60)-day period and must explain the special circumstances and provide an expected date of decision. The reviewer shall afford the Claimant an opportunity to review and receive, without charge, all relevant documents, information and records and to submit issues and comments in writing to the Company. The reviewer shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim regardless of whether the information was submitted or considered in the initial benefit determination.

(e) Notice of Decision on Appeal. If the Company denies the appeal, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

- (i) The specific reason(s) for the denial;
- (ii) References to the specific Plan provisions on which such denial is based;
- (iii) The claims review procedure and the time limits applicable to such procedures;
- (iv) A statement that the Claimant is entitled to receive (on request and free of charge) reasonable access to and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits; and
- (v) A statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA and institute an arbitration proceeding under Section 12.07.

7.02 Claims Procedures for Disability-Related Benefits.

(a) Filing a Claim. Any Claimant may file a claim in writing with the Company for Disability-related benefits. The Company shall review the claim itself or appoint an individual or entity to review the claim.

(b) Claim Decision. The Claimant shall be notified within forty-five (45) days after the claim is filed whether the claim is approved or denied, unless the Company determines that special circumstances beyond the control of the Plan require an extension of time, in which case the Company may have up to two (2) additional thirty (30)-day periods to make a decision. If the Company determines that an extension of time for processing is required, the Company shall furnish written or electronic notice of the extension to the Claimant before the end of the initial forty-five (45) day period. Any notice of extension shall describe the special circumstances necessitating the additional time and the date by which the Company expects to render its decision.

(c) Notice of Denial. If the Company denies the claim, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

- (i) The specific reason(s) for the denial;
- (ii) References to the specific Plan provisions on which such denial is based;
- (iii) A description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or information is necessary;



- (iv) A discussion of the decision that includes the basis for disagreeing with or not following:
  - (A) the views presented by health care professionals treating the Claimant and vocational professionals who evaluated the Claimant;
  - (B) the views of medical or vocational experts whose advice was obtained on the Plan's behalf, regardless of whether the advice was relied on in making the benefit denial; and
  - (C) a disability determination made by the Social Security Administration, if presented to the Plan;
- (v) If the decision was based on medical necessity or experimental treatment (or a similar exclusion or limit), either:
  - (A) an explanation of the scientific or clinical judgment for the denial, applying the plan terms to the Claimant's medical circumstances; or
  - (B) a statement that this explanation will be provided free of charge upon request;
- (vi) Either the specific internal rules, guidelines, protocols, standards, or other similar criteria of the Plan relied on in making the denial, or notice that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist;
- (vii) Notice that the Claimant is entitled to receive (on request and free of charge) reasonable access to and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits; and
- (viii) A description of the Plan's appeal procedures and deadlines applicable to these procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following a denial on appeal and institute an arbitration proceeding under Section 12.07.

Claimants are guaranteed the right to present evidence and testimony regarding their claim during the review process.

(d) Filing an Appeal. A request for appeal of a denied claim must be made in writing to the Company within one hundred eighty (180) days after receiving notice of denial. The decision on appeal will be made within forty-five (45) days after the Company's receipt of a request for appeal, unless special circumstances require an extension of time for processing, in which case the Company may have an additional forty-five (45) day period to make a decision. A notice of such an extension must be provided to the Claimant within the initial forty-five (45) day period and must explain the special circumstances and provide an expected date of decision.

On appeal, the review will consider all submitted information, regardless of whether the information was submitted or consulted in the initial decision. The review will not provide deference to the initial decision. The appeal will be conducted by an appropriate named fiduciary, who is not the person who made the initial decision or the subordinate of that person.

For claims involving medical judgment, including decisions about whether a treatment or drug is experimental, investigational, or not medically necessary, the Plan's named fiduciary will consult with a health care professional who:

- (i) Has appropriate training and experience in the area of medicine involved;
- (ii) Was not consulted during the initial denial; and
- (iii) Is not a subordinate of the person who made the initial denial.

The Company will identify the medical or other experts who were consulted when making the benefit determination, regardless of whether the expert's advice was relied on in making the determination.

Before a benefit denial is issued on appeal, the Claimant will be provided (free of charge) with any new or additional evidence considered, relied on, or generated by the Plan, insurer, or other person making the benefit determination (or at the direction of the Plan, insurer, or other person) regarding the claim. The Claimant will be provided any new or additional evidence as soon as possible and sufficiently in advance of the date the appeal denial notice is due, so that the Claimant has a reasonable opportunity to respond.

Before a benefit denial is issued on appeal, if the denial is issued based on a new or additional rationale, the Claimant will be provided, free of charge, with the rationale. The Claimant will be provided with the rationale as soon as possible and sufficiently in advance of the date on which the appeal denial notice is due, so that the Claimant has a reasonable opportunity to respond.

(e) Notice of Decision on Appeal. If the Company denies the appeal, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

- (i) The specific reason or reasons why the appeal is denied.
- (ii) References to the specific Plan provisions on which the denial is based.
- (iii) A discussion of the decision that includes the basis for disagreeing with or not following:

(A) the views presented by health care professionals treating the Claimant and vocational professionals who evaluated the Claimant;

(B) the views of medical or vocational experts whose advice was obtained on the Plan's behalf in connection with the Claimant's benefit denial, regardless of whether the advice was relied on in making the benefit denial; and

(C) a disability determination made by the Social Security Administration regarding the Claimant, if presented to the Plan;

(iv) If the decision was based on medical necessity or experimental treatment (or a similar exclusion or limit), either:

(A) an explanation of the scientific or clinical judgment for the denial, applying the Plan terms to the Claimant's medical circumstances; or

(B) a statement that this explanation will be provided free of charge upon request;

(v) Either the specific internal rules, guidelines, protocols, standards, or other similar criteria of the Plan relied on in making the denial, or notice that such rules, guidelines, protocols, standards, or other similar criteria of the plan do not exist; and

(vi) A statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA, including a description of any contractual limitations period relevant to the right to bring a civil action, with the calendar date on which the contractual limitations period expires for the claim, and the right to institute an arbitration proceeding under Section 12.07.

### 7.03 Additional Claim Procedure Requirements.

(a) General. The Plan shall comply with applicable Department of Labor regulations regarding the manner in which claims shall be processed.

(b) Limitations. No claim shall be considered under these claims procedures unless it is filed with the Company within one (1) year after the Claimant knew (or reasonably should have known) of the principal facts on which the claim is based. Every untimely claim shall be denied by the Company without regard to the merits of the claim. No legal action (whether arising under Section 502 or Section 510 of ERISA or under any other statute or non-statutory law) may be brought by any Claimant on any matter pertaining to the Plan after the earlier of:

(i) three (3) years after the Claimant knew (or reasonably should have known) of the principal facts on which the claim is based, or

(ii) twelve (12) months after the Claimant has exhausted these claims procedures.

Knowledge of all facts that a Covered Executive knew (or reasonably should have known) shall be imputed to each Claimant who is or claims to be a beneficiary of the Covered Executive (or otherwise claims to derive an entitlement by reference to a Covered Executive) for the purpose of applying the one (1)-year and three (3)-year periods.

(c) Exhaustion Required. The exhaustion of these administrative procedures is mandatory for resolving every claim and dispute arising under the Plan. As to such claims and disputes:

(i) no Claimant shall be permitted to commence any legal action relating to any such claim or dispute (whether arising under Section 502 or Section 510 of ERISA or under any other statute or non-statutory law) unless a timely claim has been filed under these claims procedures and these claims procedures have been exhausted in their entirety; and

(ii) in any such legal action all explicit and implicit determinations by the Company (including, but not limited to, determinations as to whether the claim, or a request for review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.

(d) Standard of Review.

(i) The Company and all persons determining or reviewing claims have full discretion to determine benefit claims under the Plan. Any interpretation, determination or other action of such persons will be overturned only if it is arbitrary or capricious or otherwise an abuse of discretion. Any review of a final decision or action of the persons reviewing a claim shall be based only on such evidence presented to or considered by such persons at the time they made the decision that is the subject of review.

(ii) In the case of a claim for Disability benefits, the Claimant is not required to file more than two appeals of an adverse benefit determination prior to bringing a civil action under Section 502(a) of ERISA. No mandatory arbitration of adverse benefit determinations will be conducted unless the arbitration is conducted as one of the two appeals required to be filed before the Claimant may bring a civil action under ERISA. If such arbitration is conducted, the Claimant is not precluded from challenging the decision under Section 502(a) of ERISA or other applicable law.

## **8. FUNDING.**

This Plan shall not be funded through a trust, an insurance contract or otherwise and all benefit payments due under this Plan shall be payable solely from the general assets of the Company. A Covered Executive shall not have any claim against any specific assets of the Company and shall be only an unsecured general creditor of the Company with respect to any rights he or she may have under this Plan.

## **9. CONFIDENTIALITY; NON-COMPETITION; NON-SOLICITATION.**

9.01 The Covered Executive's eligibility to participate in the Plan and the Company's obligation to remit or convey the severance benefits and payments set forth in Section 4 on account of a Qualifying Termination or the Covered Executive's death or Disability are expressly conditioned on the Covered Executive's consent to be bound by, and compliance with, the restrictions and covenants set forth in this Section 9.

9.02 The Covered Executive will not, directly or indirectly, participate in the unauthorized use, disclosure, misappropriation, dissemination or conversion of any Confidential Information (defined below). Specifically, but without limitation, the Covered Executive will not use Confidential Information for his or her sole benefit, or for the benefit of any Person (defined below) or entity in any other way that harms the Company or any Affiliate or diminishes the value of the Confidential Information to the Company or any Affiliate. The Covered Executive will use the specialized training, goodwill, and contacts developed with the customers and contractors of the Company or any Affiliate for the exclusive benefit of the Company or any Affiliate, and agrees not to use these items or this information at any time in a way that would harm the business interests of the Company or any Affiliate. Notwithstanding the foregoing, nothing in this Plan prohibits the Covered Executive from communicating with an appropriate governmental agency or entity regarding a possible violation of federal law or regulation or making disclosures that are protected under any whistleblower provisions of law or regulation. Importantly, the Covered Executive is encouraged to communicate any such concerns directly with the Company. The Covered Executive's obligations under this Section 9.02 with regard to any particular Confidential Information shall commence immediately upon the Covered Executive first having access to such Confidential Information and shall continue during and after the Covered Executive's employment with the Company or its Affiliates until such time as such Confidential Information has become public knowledge other than as a result of the breach by the Covered Executive (or of those acting in concert with the Covered Executive or on the Covered Executive's behalf) of this Section 9.02 or any other confidentiality agreement between the Covered Executive and the Company or any of its Affiliates or any policy of the Company or any of its Affiliates.

9.03 During the term of the Covered Executive's employment with the Company or an Affiliate and (i) for a period of twelve (12) months following the date of a Qualifying Termination covered by Section 4.01, a Covered Executive's voluntary resignation of employment other than for Good Reason (defined below), or a termination of the Covered Executive's employment by reason of his or her Disability covered by Section 4.04, or (ii) for a

period of twenty-four (24) months following the date of a Qualifying Termination covered by Section 4.02 (the period established under either subclause (i) or (ii), as applicable, hereafter called the “Restricted Period” and each termination of employment covered by either subclause (i) or (ii), as applicable, hereafter each called a “Termination”), the Covered Executive will not, whether on the Covered Executive’s own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever (“Person”), directly or indirectly solicit or assist in soliciting in competition with the Company, the business of any client or prospective client:

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

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

(c) for whom the Covered Executive had direct or indirect responsibility during the one year period immediately preceding the Termination.

9.04 During the Restricted Period, the Covered Executive will not directly or indirectly:

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

(b) enter the employ of, or render any services to, any Person (or any division or controlled or controlling affiliate of any Person) who or which engages in a Competitive Business, including a private equity or venture capital firm that has one or more portfolio companies that engage in the Competitive Business provided that the Covered Executive actively participates in the relationship between such fund and the portfolio company or portfolio companies that engage in the Competitive Business;

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

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

9.05 Notwithstanding anything to the contrary in this Section 9, the Covered Executive may, directly or indirectly, own, solely as an investment, securities of any Person engaged in the

business of the Company or its Affiliates that is publicly traded on a national stock exchange or on the over-the-counter market if the Covered Executive (i) is not a controlling person of, or a member of a group which controls, such person or (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

9.06 During the Restricted Period, the Covered Executive will not, whether on the Covered Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

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

(b) hire any such employee who was employed by the Company or its affiliates as of the date of the Termination or who left the employment of the Company or its affiliates coincident with, or within twelve (12) months prior to or after, the Covered Executive's Termination.

9.07 During the Restricted Period, the Covered Executive will not, directly or indirectly, solicit or encourage to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

9.08 If a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Section 9 is an unenforceable restriction against the Covered Executive, the provisions of this Section 9 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine to be enforceable.

#### **10. AMENDMENT AND TERMINATION.**

This Plan may be amended or terminated, in whole or in part, at any time by a written instrument signed by the President of the Company and approved by the Committee; provided, however, a copy of such action must be furnished to each Covered Executive at least thirty (30) days prior to its effective date or such action shall be deemed null and void for all purposes as to such Covered Executive.

#### **11. ADOPTION AND WITHDRAWAL BY AFFILIATES.**

11.01 Adoption by Affiliates. Subject to the prior approval of the Committee, an Affiliate of the Company may adopt this Plan pursuant to appropriate written resolutions of its board of directors and by executing and delivering to the Company an adoption agreement in which the adopting Affiliate agrees to be bound by all of the terms of this Plan with respect to its Covered Executives (each a "Participating Affiliate"). The adoption agreement shall become, as to such adopting Affiliate and its employees, a part of this Plan as then amended or thereafter amended. It shall not be necessary for the adopting Affiliate to sign or execute the original or amended Plan document. The effective date of this Plan for any such adopting Affiliate shall be that stated in the adoption agreement, and from and after such effective date, the adopting Affiliate shall assume all the rights, obligations, and liabilities under this Plan. The

administrative powers and control of the Company, as provided in this Plan, including the sole right to amend, shall not be diminished by reason of participation of any such Affiliate in this Plan.

11.02 Special Provisions by Affiliates. With the approval of the Company, an adopting Affiliate may elect to have special provisions apply with respect to its Covered Executives. Such special provisions, which may differ from the provisions of this Plan which are applicable to employees of other Affiliates, shall be stated in this Plan text or in an Appendix to this Plan.

11.03 Withdrawal. Any Affiliate of the Company participating in this Plan may withdraw from this Plan at any time without affecting other Affiliates of the Company by complying with the provisions of this Plan. The Committee may, in its absolute discretion, terminate an adopting Affiliate's participation at any time.

## 12. MISCELLANEOUS.

12.01 Other Benefits. The payment of severance benefits under this Plan shall not be taken into account to increase any benefits provided (or continued coverage) under any other plan or policy of the Company or any Affiliate, except as otherwise specifically provided in such other plan or policy.

12.02 No Assignments. No benefit payable under this Plan may be assigned, transferred, pledged as a security for indebtedness or otherwise encumbered, or subjected to any legal process for the payment of any claim against a Covered Executive.

12.03 At-Will Employment. This Plan does not create a contract of employment or give any Covered Executive the right to continued employment or change the at-will nature of any employee's employment with the Company or an Affiliate.

12.04 Savings Clause. If any provision of this Plan should be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Plan, and this Plan shall be construed and enforced as if such provisions had not been included.

### 12.05 Construction.

(a) Whenever appropriate in this Plan, words used in the singular may be read in the plural; words used in the plural may be read in the singular; and words importing the masculine gender shall be deemed equally to refer to the feminine or be neutral. Any reference to a Section shall refer to a Section of this Plan, unless otherwise indicated.

(b) The headings of sections are included solely for convenience of reference, and if there be any conflict between such headings and the text of this Plan, the text shall control.



12.06 Choice of Law. Except to the extent preempted by federal law, this Plan shall be construed, administered and enforced according to the laws of the state of Texas without regard to conflict of laws principles.

12.07 Arbitration of Disputes. Any controversy, dispute or claim arising out of or relating, in any way, to this Plan or a purported breach of the Plan shall be settled through arbitration proceedings conducted in Houston, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The matter shall be heard and decided, and awards rendered by, a panel of three arbitrators. An Employer and the Covered Executive shall each select one arbitrator and the American Arbitration Association shall select the third arbitrator, each of whom shall be on the American Arbitration Association's national panel of commercial arbitrators. The award rendered by this arbitration panel shall be final and binding as between the parties hereto and their heirs, executors, administrators, successors and assigns, and judgment on the award may be entered by any court having jurisdiction. The Covered Executive's Employer shall pay all arbitration fees, unless the panel makes a factual finding or conclusion that the Covered Executive's claim in the matter was frivolous. Likewise, the Covered Executive's Employer shall pay his or her legal fees in all disputes, other than those deemed frivolous. The Covered Executive shall be responsible for all of his or her fees and costs along with 50% of all arbitration fees in any matter the arbitrators find frivolous.

12.08 Successors. The Company shall require any successor or any entity acquiring substantially all of the assets of the Company to assume the Plan in writing and agree to honor all terms of this Plan.

12.09 Required Clawbacks. Notwithstanding anything in this Plan to the contrary, in the event that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act") requires a Covered Executive to repay the Company, or for the Company to recoup from the Covered Executive, any "erroneously awarded" amounts of incentive compensation, then the Company may recoup any such "erroneously awarded" incentive compensation that it has made to the Covered Executive by reducing any severance pay or benefit otherwise due the Covered Executive under this Plan.

12.10 No Mitigation. A Covered Executive shall not be required to mitigate the amount of any payment or benefit provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in Plan be reduced by any compensation or benefit earned by the Covered Executive as the result of employment by another employer. Subject to the foregoing, the benefits under the Plan are in addition to any other benefits to which a Covered Executive is otherwise entitled.

12.11 Survival. All obligations of the Company and a Participating Affiliate under the Plan with respect to a termination of employment occurring before the termination or any amendment of the Plan shall continue and survive such Plan termination or amendment.

### 13. ADMINISTRATIVE INFORMATION.

13.01 Plan Year. Each plan year begins on January 1 and ends on December 31 of the same year. Records concerning this Plan are to be kept on a plan year basis.

13.02 Legal Notices. The person designated to receive any legal notices concerning this Plan is:

IES Holdings, Inc.  
c/o Chairman, Human Resources and Compensation  
Committee of the Board of Directors  
5433 Westheimer Rd., Suite 500  
Houston, TX 77056

14. **DEFINITIONS.** For purposes of this Plan, the following terms are defined as follows:

(a) “Accrued Rights” means a Covered Executive’s (i) earned, but unpaid, annual base salary up to the date of his or her termination of employment, (ii) any accrued, but untaken, vacation time or paid-time off, and (iii) the reimbursement, within sixty (60) days following submission to the Company or Participating Affiliate of appropriate supporting documentation, for any unreimbursed reasonable business expenses properly incurred by the Covered Executive in the performance of his or her duties in accordance with the Company’s or Participating Affiliate’s expense policy prior to the Covered Executive’s termination of employment, provided claims for such reimbursement (accompanied by appropriate supporting documentation) are submitted to the Company or Participating Affiliate within ninety (90) days following the date such expenses were incurred and within thirty (30) days following the Covered Executive’s termination of employment, and (iv) such employee benefits, if any, as to which the Covered Executive may be entitled under the terms of the employee benefit plans of the Company or Participating Affiliate.

(b) “Affiliate” means, with respect to any person or entity, any person or entity, directly or indirectly, controlled by, controlling or under common control with such person or entity.

(c) “Annual Bonus” means incentive compensation payable to a Covered Executive dependent upon the achievement of performance objectives established by the Committee for each fiscal year during such Covered Executive’s employment with the Company or Participating Affiliate.

(d) “Annual Bonus Opportunity” means the target annual bonus opportunity for each fiscal year ending during a Covered Executive’s employment with the Company or Participating Affiliate as set by the Committee, in its sole discretion.

(e) “Base Pay” means a Covered Executive’s annual rate of base salary at his or her Qualifying Termination or, if greater, his or her annual base pay for the fiscal year preceding his or her Qualifying Termination.

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

(g) “Confidential Information” means information of any kind, nature, or description, that (i) relates to the Company’s business or the business of Affiliates, (ii) provides the Company or Affiliates economic value or any business advantage, (iii) is not generally known to the public, and (iv) is learned or developed by the Covered Executive as a direct or indirect result of, or during the course of, the Covered Executive’s employment with or work relating to the Company or an Affiliate. Confidential Information includes, but is not limited to, the Company’s or Affiliates’ inventions, intellectual property, trade secrets, proprietary or business information, including, but not limited to, information about or relating in any way to: any customer; business, merchandise, or marketing procedures, processes, or services; hardware; software; research; marketing; developments; products; product lines; design; purchasing; finances and financial affairs; accounting; merchandising; selling or sales; engineering; Company or Affiliate employees, contractors, business partners or business associates; training; business practices; past, present or future acquisitions; potential or target acquisitions; customer lists; customer contact lists; vendor lists; supplier lists; pricing; pricing agreements; merchandise resources; supply resources; service resources; system designs; procedures or manuals; policies; the prices the Company or Affiliates may obtain or have obtained or at which they sell or have sold any services or products; or the name of the Company’s or Affiliates’ personnel and those to whom such personnel reports.

(h) “Disability” means a physical or mental condition that renders the Covered Executive incapacitated and unable for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twenty-four (24) consecutive month period to substantially perform (with such accommodation, if any, required by applicable law) the Covered Executive’s duties.

(i) “Good Reason” means the occurrence of any of the following:

- (1) a material reduction in his or her duties or responsibilities;
- (2) a material reduction in the Covered Executive’s annual rate of base cash compensation;
- (3) a change in the location of a Covered Executive’s principal place of employment by more than fifty (50) miles from the Covered Executive’s principal place of employment immediately prior to such relocation;
- (4) the receipt of a written notice of termination of this Plan or of any amendment to the Plan that would adversely reduce the Covered Executive’s potential severance payments or benefits or his or her coverage under the Plan; or
- (5) a demotion or transfer of the Covered Executive’s employment that results or would result in him or her no longer being a Covered Executive under this Plan.

No event or condition described in this Section 14(i) will constitute “Good Reason” unless, (x) within ninety (90) days from the Covered Executive first acquiring actual knowledge of the existence of the Good Reason condition described in this Section 14(i), the Covered Executive provides the Board written notice of his or her intention to terminate employment for Good Reason and the grounds for such termination; (y) such grounds for termination (if susceptible to correction) are not corrected by the Board within thirty (30) days of the Board’s receipt of such notice (or, in the event that such grounds cannot be corrected within such thirty-day (30) period, the Board has not taken all reasonable steps within such thirty-day (30) period to correct such grounds as promptly as practicable thereafter); and (z) the Covered Executive terminates his or her employment with the Company or an Affiliate (if applicable) immediately following the expiration of such thirty-day (30) period.

(j) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(k) “Qualifying Termination” means any termination of the Covered Executive’s employment with the Company or an Affiliate (if applicable) either:

- (i) by the Company or the Affiliate other than for Cause; or
- (ii) by the Covered Executive for Good Reason.

(k) “Release” means a general waiver and release agreement, in favor of the Company, its Affiliates and related parties in substantially the form attached hereto as **Exhibit A**.

IN WITNESS WHEREOF, the Company has adopted this Plan, as amended and restated, effective as April 29, 2021.

IES HOLDINGS, INC.

By: /s/ Jeffrey L. Gendell

Title: Chairman and CEO

EXHIBIT A

IES HOLDINGS, INC.

WAIVER AND RELEASE AGREEMENT

**THIS WAIVER AND RELEASE AGREEMENT** (this "Waiver and Release") is made and entered into by and between IES Holdings, Inc. (f/k/a Integrated Electrical Services, Inc.) (the "Company") and \_\_\_\_\_ (the "Executive"), each referred to collectively as the "Parties", and individually as "Party." Capitalized terms used but not defined herein will have the meanings ascribed to them in the IES Holdings, Inc. Second Amended and Restated Executive Officer Severance Benefit Plan, as it may be amended from time to time (the "Severance Plan"). References to the Company in this Waiver and Release shall include a Participating Affiliate, to the extent applicable.

**WHEREAS**, the Executive is a Covered Executive under the Severance Plan and the Board has determined that the Executive is eligible for payments and/or benefits under the terms of the Severance Plan;

**WHEREAS**, pursuant to the Severance Plan, in consideration of the right to receive payments and/or benefits in accordance with Article 5 of the Severance Plan, the Executive must sign, return and not revoke this Waiver and Release;

**WHEREAS**, the Company has executed and delivered this Waiver and Release to the Executive for the Executive's review and consideration as of \_\_\_\_\_ the ("Delivery Date"); and

**WHEREAS**, the Executive and the Company each desire to settle all matters related to the Executive's employment by the Company.

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants and agreements contained in the Severance Plan and in this Waiver and Release, and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties agree as follows:

1. Termination of Employment. The Parties agree that the Executive's employment relationship with the Company, including all other offices and positions the Executive has with the Company and all of its subsidiaries, affiliates, joint ventures, partnerships or any other business enterprises, as well as any office or position as a fiduciary or with any trade group or other industry organization which the Executive holds on behalf of the Company or its subsidiaries or affiliates, shall be automatically terminated effective at \_\_\_\_\_ on the \_\_\_\_\_ (the "Termination Date").

2. Release of Company. This Waiver and Release represents a compromise under Federal Rule of Evidence 408. In consideration for the right to receive the payments and/or benefits under the Severance Plan following the Termination Date in accordance with the terms

of the Severance Plan and the mutual promises contained in the Severance Plan and in this Waiver and Release, the Executive (on behalf of the Executive, the Executive's heirs, administrators, representatives, executors, successors and assigns) hereby releases, waives, acquits and forever discharges the Company, its predecessors, successors, parents, shareholders, subsidiaries, assigns, agents, current and former directors, officers, employees, partners, representatives, attorneys, affiliated companies, and all persons acting by, through, under or in concert with the Company (collectively, the "Released Parties"), from any and all demands, rights, disputes, debts, liabilities, obligations, liens, promises, acts, agreements, charges, complaints, claims, controversies, and causes of action of any nature whatsoever, whether statutory, civil, or administrative, that the Executive now has or may have against any of the Released Parties, arising in whole or in part at any time on or prior to the execution of this Waiver and Release, in connection with the Executive's employment by the Company or the termination thereof.

This release specifically includes, but is not limited to, any claims of discrimination, harassment, or retaliation of any kind, breach of contract or any implied covenant of good faith and fair dealing, tortious interference with a contract, intentional or negligent infliction of emotional distress, breach of privacy, misrepresentation, defamation, wrongful termination, or breach of fiduciary duty; provided, however, that the foregoing release shall not release the Company from the performance of its obligations under this Waiver and Release.

Additionally, this release specifically includes, but is not limited to, any claim or cause of action arising under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Americans With Disabilities Act, 42 U.S.C. §§ 1981; [Texas Commission on Human Rights Act; Texas Anti-Retaliation Act; Texas Labor Code §§ 21.001 *et seq.*; Texas Labor Code §§ 451.001 *et seq.*] [Connecticut Fair Employment Practices Act; Connecticut Family and Medical Leave Act; Connecticut Whistleblower Law; Connecticut Free Speech Law; the anti-retaliation provision of the Connecticut Workers' Compensation Act;] the Employment Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 *et seq.*; the Family and Medical Leave Act; the Fair Labor Standards Act ("FLSA"); the Worker Adjustment and Retraining Notification Act; the Rehabilitation Act of 1973; or any other federal, state or local statute or common law cause of action of similar effect regarding employment related causes of action of employees against their employer.

The Executive hereby waives and releases the Executive's ability or right to participate in any class or collective action against any of the Released Parties in any forum, either as a class representative, party plaintiff, or absent class member, asserting any claims referenced herein. This Waiver and Release includes, but is not limited to, claims arising under the FLSA and any state wage payment law that a court may find to have not otherwise been waived under this Waiver and Release. In such a case, to the extent the claim was not otherwise waived or released, the Executive may assert a claim against any of the Released Parties on the Executive's own behalf, but the Executive may not do so within or otherwise participate in a class or collective action against the Company or any of the Released Parties.

3. Waiver of Certain Claims, Rights or Benefits. Without in any way limiting the generality of Section 2 of this Waiver and Release, by executing this Waiver and Release and accepting the payments and/or benefits under the Severance Plan following the Termination Date, the Executive specifically agrees to release all claims, rights, or benefits the Executive may have for age discrimination arising out of or under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.*, as currently amended (“ADEA”), or any equivalent or comparable provision of state or local law[, including, but not limited to, the [Texas Commission on Human Rights Act] [Connecticut Fair Employment Practices Act].

4. Acknowledgements and Obligations of the Executive.

(a) The Executive represents and acknowledges that in executing this Waiver and Release, the Executive does not rely and has not relied upon any representation or statement made by the Company, or its agents, representatives, or attorneys regarding the subject matter, basis or effect of this Waiver and Release or otherwise, and that the Executive has engaged or had the opportunity to engage an attorney of the Executive’s choosing in the negotiation and execution of this Waiver and Release. The Executive acknowledges that the Executive has the right to consult with counsel of the Executive’s choosing with regard to the review of this Waiver and Release.

(b) **THE EXECUTIVE UNDERSTANDS THAT BY SIGNING AND NOT REVOKING THIS WAIVER AND RELEASE, THE EXECUTIVE IS WAIVING ANY AND ALL RIGHTS OR CLAIMS WHICH THE EXECUTIVE MAY HAVE UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT AND/OR THE OLDER WORKERS BENEFIT PROTECTION ACT FOR AGE DISCRIMINATION ARISING FROM EMPLOYMENT WITH THE COMPANY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SUE THE COMPANY IN FEDERAL OR STATE COURT FOR AGE DISCRIMINATION. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT THE EXECUTIVE (i) DOES NOT WAIVE ANY CLAIMS OR RIGHTS THAT MAY ARISE AFTER THE DATE THIS WAIVER AND RELEASE IS EXECUTED; (ii) WAIVES CLAIMS OR RIGHTS ONLY IN EXCHANGE FOR CONSIDERATION IN ADDITION TO ANYTHING OF VALUE TO WHICH THE EXECUTIVE IS ALREADY ENTITLED; AND (iii) AGREES THAT THIS WAIVER AND RELEASE IS WRITTEN IN A MANNER CALCULATED TO BE UNDERSTOOD BY THE EXECUTIVE, AND THE EXECUTIVE, IN FACT, UNDERSTANDS THE TERMS, CONTENTS, CONDITIONS AND EFFECTS OF THIS WAIVER AND RELEASE AND HAS ENTERED INTO THIS WAIVER AND RELEASE KNOWINGLY AND VOLUNTARILY.**

(c) The Executive acknowledges that the Executive has been fully compensated for all labor and services performed for the Company and has been reimbursed for all business expenses incurred on behalf of the Company through the Termination Date, and that the Company does not owe the Executive any expense reimbursement amounts, or wages, including vacation pay or paid time-off benefits.



(d) Notwithstanding anything contained in this Waiver and Release to the contrary, this Waiver and Release does not waive, release, or discharge: (i) any right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission, [the Texas Workforce Commission] [the Connecticut Department of Labor], or other similar federal or state administrative agencies, although the Executive waives any right to monetary relief related to any filed charge or administrative complaint; (ii) claims that cannot be waived by law, such as claims for unemployment benefit rights and workers' compensation; (iii) claims for indemnity under any indemnification agreement with the Company or under its organizational documents, as provided by applicable state law or under any applicable insurance policy with respect to the Executive's liability as an employee, director or officer of the Company or its affiliates; (iv) claims that the Executive may have as an employee participating in the Company's qualified retirement plan; (v) the Executive's right to receive award or monetary recovery pursuant to the Securities and Exchange Commission's whistleblower program; and (vi) the Executive's ability to challenge the validity of this Waiver and Release under the ADEA and the Older Workers Benefit Protection Act of 1990 (29 U.S.C. §§ 621 *et seq.*).

(e) The Executive represents and warrants that the Executive has returned to the Company, by no later than the date the Executive executes this Waiver and Release, all Company property and confidential information, including, without limitation, all expense reports, notes, memoranda, records, documents, employment manuals, credit cards, keys, pass keys, computers, electronic media (including flash drives), office equipment and sales records and data, together with any and all other information or property, no matter how produced, reproduced or maintained, kept by the Executive in his possession and pertaining to the business of the Company.

(f) The Executive acknowledges and agrees the Executive is subject to restrictive covenants set forth in Section 9 of the Severance Plan, which sets forth certain obligations of the Executive which remain in effect following the Termination Date, and nothing in this Waiver and Release shall modify such ongoing obligations, the continued performance of which by the Executive are a condition of the Company's obligations hereunder and under the Severance Plan.

(g) The Executive acknowledges that neither the Company nor anyone on its behalf has made any representations, warranties, or promises of any kind regarding the tax consequences of the payment of proceeds referenced herein. Except for amounts withheld by the Company, the Executive understands and agrees that the Executive will be responsible for paying any taxes, interest, penalties, or other amounts due on the payments. The Executive further agrees to indemnify the Company for, and hold it harmless from, any additional taxes, interest, penalties, or other amounts for which the Company may later be held liable as a result of any failure by the Executive to comply with the Executive's obligations under this Section, including costs and attorneys' fees reasonably incurred by the Company in recovering such amounts from the Executive.

(h) The Executive represents that the Executive has not filed any complaints, claims, or actions against the Company with any state, federal, or local agency or court, or that if the Executive has, the Executive agrees to withdraw and dismiss with prejudice (or cause to be withdrawn and dismissed with prejudice) any complaint, claim, action, or charge filed with any state, federal, or local agency or court. The Executive further agrees that no other person or entity may bring any claim on the Executive's behalf falling within the terms of this Waiver and Release and that, should any such claim be brought on the Executive's behalf, the Executive will cooperate with the Company and/or any other of the Released Parties that may be affected and its or their attorneys, in seeking a prompt dismissal of that claim. The Executive acknowledges and affirmatively states the Executive knows of no facts which may lead to or support any complaints, claims, actions, or charges against the Company in or through any state, federal, or local agency or court.

(i) The Executive agrees the Released Parties are not obligated, now or in the future, to offer employment to the Executive or to accept services or the performance of work from the Executive directly or indirectly. The Executive knowingly and voluntarily waives all rights, if any, the Executive may have under federal and/or state law to re-hire by, or reinstatement of employment with any of the Released Parties.

(j) The Executive agrees to reasonably cooperate with the Company and use the Executive's best efforts in responding to all reasonable requests by the Company for assistance and advice relating to matters and procedures in which the Executive was involved. The Executive also covenants to cooperate in defending or prosecuting any claim or other action which arises, whether civil, criminal, administrative or investigative, in which the Executive participation is required in the best judgment of the Company by reason of the Executive's former employment with the Company. Upon the Company's request, the Executive will use the Executive's best efforts to attend hearings and trials, to assist in effectuating settlements, and to assist in the procuring of witnesses, producing evidence, and in the defense or prosecution of said claims or other actions.

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

5. Confidentiality.

(a) The Executive agrees not to divulge or release this Waiver and Release or its contents, except to the Executive's attorneys, financial advisors, or immediate family, provided they agree to keep this Waiver and Release and its contents confidential, or in response to a valid subpoena or court order.

(b) Nothing herein is intended to be or will be construed to prevent, impede, or interfere with the Executive's right to respond accurately and fully to any question, inquiry, or request for information regarding the Company or Released Parties or his or her employment

with the Company or Released Parties when required by legal process, or from initiating communications directly with, or responding to any inquiry from, or providing truthful testimony and information to, any Federal, State, or other regulatory authority in the course of an investigation or proceeding authorized by law and carried out by such agency. The Executive is not required to contact the Company or Released Parties regarding the subject matter of any such communications before they engage in such communications. However, the Executive cannot disclose to anyone confidential communications and documents that are protected by the Company's or Released Parties' attorney-client privilege or work product protection.

6. Defend Trade Secrets Act. The Executive is hereby notified that under the Defend Trade Secrets Act: (a) no individual will be held criminally or civilly liable under federal or state trade secret law for disclosure of a trade secret (as defined in the Economic Espionage Act) that is made in: (i) confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public; and (b) an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

7. Time Period for Enforceability/Revocation of Agreement. The Company's obligations under this Waiver and Release are contingent upon the Executive executing and delivering this Waiver and Release to the Company. The Executive may take up to [twenty-one (21)/forty-five (45)] days from the Delivery Date (the "Consideration Period") to consider this Waiver and Release prior to executing it. The Executive may execute and deliver this Waiver and Release at any time during the Consideration Period. Any changes made to this Waiver and Release after the Delivery Date will not restart the running of the Consideration Period. Any execution and delivery of this Waiver and Release by the Executive after the expiration of the Consideration Period shall be unenforceable, and the Company shall not be bound thereby. The Executive shall have seven (7) days after execution of this Waiver and Release to revoke ("Revocation Period") the Executive's consent to this Waiver and Release by executing and delivering a written notice of revocation to the Company in accordance with the Notice provision of the Severance Plan. No such revocation by the Executive shall be effective unless it is in writing and signed by the Executive and received by the Company prior to the expiration of the Revocation Period. Upon delivery of a notice of revocation to the Company, the obligations of the Parties under this Waiver and Release shall be void and unenforceable, with the exception of the Executive's obligation to keep this Waiver and Release confidential under Section 5 of this Waiver and Release.

8. Effective Date. This Waiver and Release shall become effective as of the date on which it is executed by the Executive, provided that it is also signed by the Company and provided that the Executive does not timely revoke this Waiver and Release in accordance with the provisions of Section 7 of this Waiver and Release.

9. Governing Law, Jurisdiction & Venue. This Waiver and Release, and any and all interactions between the Parties arising under or resulting from this Waiver and Release, is governed by and construed in accordance with the laws of the State of Texas, exclusive of its choice of law principles. Each Party irrevocably consents to the personal jurisdiction of the state or federal courts located in [Harris County, Texas] with regard to any dispute arising out of or relating to this Waiver and Release. All payments due hereunder and all obligations performable hereunder shall be payable and performable at the offices of the Company in Houston, Texas. The Executive represents to the Company that the Executive has not filed any charge or complaint, nor initiated any other proceedings, against the Company or any of its employees or agents, with any governmental entity or court.

10. Injunctive Relief. Notwithstanding any other term of this Waiver and Release, it is expressly agreed that a breach of this Waiver and Release will cause irreparable harm to the Company and that a remedy at law would be inadequate. Therefore, in addition to any and all remedies available at law, the Company will be entitled to injunctive and/or other equitable remedies in the event of any threatened or actual violation of any of the provisions of this Waiver and Release.

11. Entire Agreement. The Severance Plan and this Waiver and Release comprise the entire agreement between the Parties pertaining to the matters encompassed therein and herein, and supersede any other agreement, written or oral, that may exist between them relating to the matters encompassed therein and herein, except that this Waiver and Release does not in any way supersede or alter covenants not to compete, non-disclosure or non-solicitation agreements, or confidentiality agreements that may exist between the Executive and the Company.

12. Severability. If any provision of this Waiver and Release is found to be illegal or unenforceable, such finding shall not invalidate the remainder of this Waiver and Release, and that provision shall be deemed to be severed or modified to the minimum extent necessary to equitably adjust the Parties' respective rights and obligations under this Waiver and Release.

13. Execution. This Waiver and Release may be executed in multiple counterparts, each of which will be deemed an original for all purposes. Facsimile or pdf copies of signatures to this Waiver and Release are as valid as original signatures.

14. Consideration of Medicare's Interests. The Executive affirms, covenants, and warrants that the Executive is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of execution of this Waiver and Release or payment hereunder, to the extent applicable, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Executive is a Medicare beneficiary, etc.), the following sentences (*i.e.*, the remaining sentences of this paragraph) apply. The Executive affirms, covenants, and warrants the Executive has made no claim for illness or injury against, nor is the Executive aware of any facts supporting any claim against, the Released Parties under which the Released Parties could be liable for medical expenses incurred by the Executive before or after the execution of this Waiver and Release. Furthermore, the Executive is aware of no medical expenses which Medicare has paid and for

which the Released Parties are or could be liable now or in the future. The Executive agrees and affirms that, to the best of the Executive's knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Executive will indemnify, defend, and hold the Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights to payment, if any, including attorneys' fees, and the Executive further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) *et seq.*

[SIGNATURES ON NEXT PAGE]

**THE EXECUTIVE'S SIGNATURE BELOW MEANS THAT THE EXECUTIVE HAS READ THIS WAIVER AND RELEASE AND AGREES AND CONSENTS TO ALL THE TERMS AND CONDITIONS CONTAINED HEREIN.**

**IES HOLDINGS, INC.**

**THE EXECUTIVE**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

## 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: April 30, 2021

/s/ JEFFREY L. GENDELL

---

Jeffrey L. Gendell

Chief Executive Officer as Principal Executive Officer

## CERTIFICATION

I, Tracy A. McLauchlin, certify that:

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

Date: April 30, 2021

/s/ TRACY A. MCLAUHLIN

Tracy A. McLauchlin

Senior Vice President, Chief Financial Officer and Treasurer  
as Principal Financial Officer





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

In connection with this Quarterly Report of IES Holdings, Inc. (the "Company") on Form 10-Q for the period ending March 31, 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: April 30, 2021

By:

\_\_\_\_\_  
/s/ TRACY A. MCLAUCHLIN

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