Risk Factors Comparison 2023-12-07 to 2022-12-06 Form: 10-K

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You should consider carefully the risks described below, as well as the other information included in this document before making an investment decision. Our business, results of operations or financial condition could be materially and adversely affected by any of these risks, and the value of your investment may decrease due to any of these risks. Risks Relating to the Operations of our Business Demand for our services is cyclical and vulnerable to economic downturns affecting the industries we serve. Demand for our services has been, and will likely continue to be, cyclical in nature and vulnerable to downturns in the general economy, as well as in the construction industry and the housing market. Many of our customers depend on the availability of credit to purchase our services or electrical and mechanical products. In the past, when the general level of economic activity has been reduced from historical levels, certain of our customers have delayed or cancelled projects or capital spending, thereby reducing our revenues and profitability. General concerns about the fundamental soundness of the economy may cause customers to defer projects, even if they have credit available to them. Prolonged uncertainties in the credit market, or the return of constrained credit market conditions, including the impact of rising interest rates on the housing markets, could have adverse effects on our customers, which would adversely affect our financial condition and results of operations. The highly competitive nature of our industries could affect our profitability by reducing our revenues or profit margins. The industries in which we compete are highly fragmented and are generally served by many small, owner- operated private companies. There are also several large private regional companies and a small number of large public companies from which we face competition in these industries. In the future, we could also face competition from new competitors entering these markets because certain segments, such as our electrical contracting services, have a relatively low barrier for entry while other segments, such as our services and custom engineered electro- mechanical products for mission critical infrastructure, have attractive growth and profitability characteristics. Some of our competitors in certain markets may offer a greater range of services than we offer in those markets, including mechanical construction and facilities management. Competition in our markets depends on a number of factors, including price. Some of our competitors may have lower overhead cost structures and may, therefore, be able to provide services comparable to ours at lower rates than we do. If we are unable to offer our services at competitive prices or if we have to reduce our prices to remain competitive, our profitability would be impaired. We generate a significant portion of our revenues under fixed price contracts. The estimates we use in placing bids and changes in commodity and labor costs could have an adverse effect on our ability to maintain our profitability. We currently generate, and expect to continue to generate, a significant portion of our revenues under fixed price contracts. The cost of fuel, labor and materials, including copper wire or other commodities, may vary significantly from the costs we originally estimate. Variations from estimated contract costs along with other risks inherent in performing fixed price contracts, including our ability to successfully manage projects, may result in actual revenue and gross profits for a project differing from those we originally estimated and could result in losses on projects. Depending upon the size of a particular project, variations from estimated contract costs can have a significant impact on our operating results. If the costs associated with labor and commodities, such as copper, aluminum, steel, electrical components, fuel, and certain plastics, increase due to low supply, inflation, general market conditions, supply chain disruptions and delays, or other forces, losses may be incurred. Some of our materials have been and may continue to be subject to sudden and significant price increases, and continued high demand and low supply for those resources may lead to additional price increases. We are also exposed to volatility in energy prices, particularly as they relate to fuel prices for our fleet vehicles. Depending on competitive pressures and the fixed price nature of many of our contracts, we may not be able to pass on these cost increases to our customers, which would reduce our gross profit margins and, in turn, make it more difficult for us to maintain our profitability. We have a work force of over 8, 000 employees, and our labor costs may fluctuate based on availability of and demand for workers as well as other labor related risks, including risks related to collective bargaining agreements, benefits arrangements, wage and hour claims and other compensation arrangements. A failure to secure new contracts may adversely affect our cash flows and financial results. Much of our revenue is derived from projects that are awarded through a competitive bid process. Contract bidding and negotiations are affected by a number of factors, including our own cost structure and bidding policies. **One** ~~Although no single~~ customer represented ~~more than ten percent~~ **approximately 12. 0 %** of our consolidated revenue in fiscal ~~2022~~ **2023** , **and** we ~~do~~ have certain **other** customers that are **also** significant to our individual operating segments. It is not possible for us to predict the future level of demand for our services by these customers, and if one or more of them were to significantly delay, reduce or curtail activity, or stop accepting bids from us, it could have a material impact on our operating results. In addition, our ability to secure new contracts depends on our ability to maintain all required electrical, construction, mechanical and business licenses. If we fail to successfully transfer, renew or obtain such licenses where applicable, we may be unable to compete for new business. The failure to bid and be awarded projects, cancellations of projects or delays in project start dates could affect our ability to deploy our assets profitably. Further, when we are awarded contracts, we face additional risks that could affect whether, or when, work will begin. We could experience a decrease in profitability if we are unable to replace canceled, completed or expired contracts with new work. Our inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions and investments that meet our investment criteria in furtherance of our corporate strategy or the subsequent underperformance of those acquisitions and investments, may adversely impact our future growth and profitability. Our corporate strategy includes creating shareholder value through acquiring businesses that we believe will strategically complement our existing business segments or acquiring or investing in stand- alone platform companies based in North America. While we believe that acquisitions will provide an opportunity to expand into new or related services, products, end- markets or geographic areas and diversify our revenue and profit streams, potential acquisitions could result in changes in our operations from those historically conducted by us and introduce the requirement for new controls. Alternatively, our failure to diversify from existing markets may limit our future growth. In addition, we have made, and may continue to make, strategic investments in debt or equity securities of publicly traded and privately held companies, including early- stage companies and more established companies. We are subject to risks associated with these investments **. In addition** , ~~including the~~ **we may have limited** ~~inability~~ -- **ability** to dispose of these investments due to lack of an active market for or contractual limitations on our ability to sell a particular investment, and the partial or complete loss of invested capital, and significant changes in the fair value of our investment portfolio could adversely impact our financial results. Further, valuations of non- marketable debt and equity investments are inherently complex due to the lack of readily available market data **and may involve subjective judgments and estimates** . Some of our past acquisitions and investments have not performed as expected, and there is no assurance that future acquisitions and investments will perform as expected or generate a positive return on investment due to factors we could not predict prior to the acquisition or due to incorrect investment assumptions. Acquisitions, dispositions and other strategic transactions that we may pursue could have a negative effect on our results of operations. We are actively seeking to engage in acquisitions of operations, assets and investments, or to develop new types of work or processes, and we may seek to engage in dispositions of certain operations, assets or investments from time to time. If we are unable to successfully integrate newly acquired assets or operations or if we make untimely or unfavorable investments or dispositions, it could negatively impact our financial condition, results of operations and the market value of our common stock. Additionally, any future acquisition, investment or disposition may result in significant changes in the composition of our assets and liabilities, and as a result, our financial condition, results of operations and the market value of our common stock following any such acquisition, investment or disposition may be affected by factors different from those currently affecting our financial condition, results of operations and market value of our common stock. The difficulties of integrating a business, assets or operations may include, among other things: • geographically separated organizations and possible differences in corporate cultures and management philosophies; • significant demands on management resources, which may distract management' s attention from day- to- day business; • differences in the disclosure systems, compliance requirements, accounting systems, and accounting controls and procedures of the acquired company, which may interfere with our ability to make timely and accurate public disclosure; and • the demands of managing new locations, new personnel and new lines of business acquired. Backlog may not be realized or may not result in profits. Customers often have no obligation under our contracts to assign or release work to us, and many contracts may be terminated on short notice. Reductions in backlog due to cancellation of one or more contracts by a customer or for other reasons could significantly reduce the revenue and profit we actually receive from contracts included in backlog. In the event of a project cancellation, we may be reimbursed for certain costs, but typically have no contractual right to the total revenues reflected in our backlog. We may fail to adequately recover on contract change orders. From time to time, we may pursue claims against our customers to recover costs incurred on a project in excess of the original contract amount. Such additional costs may be incurred in connection with project delays caused by our customers or third parties, including other trades, or changes in project scope or specifications. While we generally negotiate with the customer for additional compensation, we may be unable to obtain, through negotiation, arbitration, litigation or otherwise, adequate compensation for the additional work performed or expenses incurred. The process of pursuing a claim may be lengthy, result in significant legal fees, and negatively impact our relationships with customers. Furthermore, we may be required to invest significant working capital to fund cost overruns while the resolution of a claim is pending, and our additional costs may not be recovered until the claim is resolved, if at all. When appropriate, we establish provisions against possible exposures, and we adjust these provisions from time to time, but our assumptions and estimates related to these exposures might prove to be inadequate or inaccurate. Unfavorable resolution of these matters can result in a reduction of revenues and profit recognized in prior periods or the recognition of a loss, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may incur significant charges or be adversely impacted by the closure or sale of facilities or assets. In the past, we incurred significant costs associated with the closure or disposition of facilities, and we expect from time to time to evaluate the need for future facility closures or dispositions of assets. If we were to elect to dispose of a substantial portion of any of our segments, facilities, or assets, the realized values of such assets could be substantially less than current book values, which would likely result in a material adverse impact on our financial results. In addition, we may have warranty claims, costs pursuant to obligations to indemnify buyers after assets are sold, or other unexpected liabilities from closed facilities beyond the closing date, and if we dispose of a segment or business, we may continue to be subject to certain prior liabilities of that business after its disposition and may not be able to negotiate for limitations on those liabilities, all of which could adversely impact our financial returns. The COVID- 19 pandemic has adversely impacted **our business** , and **this pandemic, along with other potential public health emergencies,** could have a future materially adverse impact on ~~,~~ our business, including our financial condition, cash flows and results of operations. The COVID- 19 pandemic and its ~~ongoing~~ impact on markets, the supply chain, and availability of labor has had a number of adverse impacts on our results of operations, and it continues to influence trends affecting our business. ~~We~~ **Although supply of most raw materials normalized during fiscal 2023, we may** continue to experience increased prices ~~,~~ **or** longer delivery times ~~, or limited availability~~ for certain materials necessary for our projects ~~, notably copper, aluminum, steel, electrical components, fuel, and certain plastics~~ . The impact of the COVID- 19 pandemic or any future epidemics ~~or~~ **,** pandemics **or other public health emergencies** on our business is difficult to predict, but adverse impacts could include the potential for 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. The availability and cost of surety bonds affect our ability to enter into new contracts and our margins on those engagements. Many of our customers require us to post performance and payment bonds issued by a surety. Those bonds guarantee the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. We obtain surety bonds from two primary surety providers; however, there is no commitment from these providers to guarantee our ability to issue bonds for projects as they are required. Our ability to access this bonding capacity is at the sole discretion of our surety providers. Accordingly, if we were to experience an interruption or reduction in our availability of bonding capacity, or if we are unable to obtain bonds at a reasonable cost, we may be unable to compete for, or work on, certain projects. We are subject to risks associated with seasonality, adverse weather conditions, and climate change. Our business is subject to seasonal variations in operations and demand that affect the construction business, particularly in the Residential and Commercial & Industrial segments. Adverse weather conditions, including rain, heat, ice, cold or snow may not only delay our work and contribute to project inefficiency, but may negatively impact our schedules and profitability by delaying the work of other trades on a construction site. Extreme weather conditions (such as hurricanes or other storms, droughts, extreme heat or cold, wildfires and floods) may limit the availability of resources, increase our costs, damage property, disrupt our workforce, or may cause projects to be cancelled. As we have expanded our operations in coastal areas, particularly Florida, these risks have increased. To the extent climate change results in an increase in extreme weather events and adverse weather conditions, the likelihood of a negative impact on our results of operations may increase. Due to differing regional economic conditions, our results may fluctuate from period to period. Our quarterly results may also be affected by regional economic conditions that affect the construction market. In particular, a prolonged period of weak demand in the oil and gas industry or increased regulatory restrictions on the industry could dampen the housing market in certain regions, resulting in reduced demand for the services provided by our Residential segment. Infrastructure Solutions' revenues from industrial services may be affected by the timing of scheduled outages or capital projects at its industrial customers' facilities, by demand for design, construction and site support of data centers, and by changes in spending in public infrastructure, power and steel markets. Industrial and rail customers may also be affected by volatility in oil prices. Accordingly, our performance in any particular quarter may not be indicative of the results that can be expected for any other quarter or for the entire year. We may experience difficulties in managing our billings and collections. Our billings under fixed price contracts in our contracting business are generally based upon achieving certain milestones and will only be accepted by the customer once we demonstrate those milestones have been met. If we are unable to demonstrate compliance with billing requests, or if we fail to issue a project billing, our likelihood of collection could be delayed or impaired, which, if experienced across several large projects, could have a material adverse effect on our results of operations. Further, some of our customers may be highly leveraged or may be subject to their own operating and regulatory risks, which may also limit their ability to pay. Our operations are subject to numerous physical hazards. If an accident occurs, it could result in an adverse effect on our business. Hazards related to our industry include, but are not limited to, electrocutions, fires, injuries involving ladders, machinery- caused injuries, mechanical failures and transportation accidents. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment, and suspension of operations. **While we have taken what we believe are appropriate precautions to minimize safety risks, we have experienced serious accidents in the past and may experience additional accidents in the future. Serious accidents may subject us to penalties, civil litigation or criminal prosecution.** Our insurance does not cover all types or amounts of liabilities. In addition, if our safety record were to substantially deteriorate over time, our customers could cancel our contracts or not award us future business. Our current insurance coverage may not be adequate, and we may not be able to obtain insurance at acceptable rates, or at all. We maintain insurance coverage in part because some of our contracts require us to carry certain levels of insurance coverage, which is common in the industries in which we operate. Our third- party insurance is subject to deductibles for which we establish reserves. No assurance can be given that our insurance or our provisions for incurred claims and incurred but not reported claims will be adequate to cover all losses or liabilities we may incur in our operations; nor can we provide assurance that we will be able to maintain adequate insurance at reasonable rates. Litigation and claims can cause unexpected losses. In all of our businesses, we are subject to potential claims and litigation, including contractual disputes, warranty claims, and claims related to our compliance with legal and regulatory requirements. We have in the past been, and may in the future be, named as a defendant in lawsuits, claims and other legal proceedings; such claims and litigation are common in the construction and electrical and mechanical maintenance businesses and may be related to contract delays, changes in the scope of work or alleged defects. There are also inherent claims and litigation risks associated with the number of people that work on construction sites and the fleet of vehicles on the road every day. In our Infrastructure Solutions businesses, we also may be subject to product liability litigation **. We also have in the past been, and may in the future be, subject to employment- related claims including workers' compensation, employment discrimination, and wage and hour claims** . Claims are sometimes made and lawsuits filed for amounts in excess of their value or in excess of the amounts for which they are eventually resolved. Claims and litigation normally follow a predictable course of time to resolution. However, there may be periods of time in which a disproportionate amount of our claims and litigation are concluded in the same quarter or year. If multiple matters are resolved during a given period, then the cumulative effect of these matters may be higher than the ordinary level in any one reporting period. In addition, due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such actions or proceedings, which could result in significant expense, damage to our reputation and diversion of management' s attention from our business. Latent defect litigation is normal for residential home builders in some parts of the country, as well as in certain areas of the commercial market. Any increases in our latent defect claims and litigation could place pressure on the profitability of the Residential and Commercial & Industrial segments of our business. Regulatory requirements could result in significant compliance costs and liabilities. We have operations throughout the United States and are subject to multiple state and local regulations. In addition, our segments, particularly our Commercial & Industrial segment, may be subject to federal laws and requirements applicable to government contractors. Our ~~130~~ **129** locations are located in ~~27~~ **28** states, which exposes us to a variety of different state and local laws and regulations, ~~particularly~~ **including** those pertaining to electrical contractor and other licensing requirements. These laws and regulations govern many aspects of our business, and there are often different standards and requirements in different locations. Changes in law, regulations or requirements, or a material failure to comply with any of them, could increase our costs and have other negative impacts on our business by, among other things, increasing costs, harming our reputation and, in some instances, causing us to be in violation of our contractual obligations. Disruptions to the proper functioning of our information technology systems or security breaches of our critical data, sensitive information or information technology systems could disrupt operations and cause increases in costs, decreases in revenues and / or harm to our reputation. Our Company continues to increase its dependence on information technology systems, networks, and infrastructure to conduct our day- to- day operations and manage the way we provide services to our customers. Disruptions to our information technology systems or our failure to adequately protect critical data, sensitive information, and information technology systems could materially affect our business or result in harm to our reputation. Our critical accounting, project management, estimating, and financial information systems, some of which are third- party platforms, all rely on the proper functioning and security of our information technology environment and are critical to the successful operation of our business. We also collect and retain information about our customers, stockholders, vendors, and employees, with the expectation by such third parties being that we will adequately protect such information. Although our information technology systems, networks and infrastructure are protected through our policies, procedures and physical and software safeguards, our information technology environment is still vulnerable to natural disasters, power losses, telecommunication failures, deliberate intrusions, inadvertent user misuse or error, computer viruses, malicious code, ransomware attacks, acts of terrorism and other cyber security risks, which could cause a loss of critical data, or release of sensitive information. If critical information systems fail or are otherwise unavailable, or if sensitive information is released, we could experience reputational harm, loss of customers and revenue, loss of proprietary data, regulatory actions and scrutiny, statutory penalties, and litigation. We have from time to time experienced cybersecurity incidents, such as ransomware attacks or unauthorized parties gaining access to our information technology systems, and privacy incidents, such as potential exposure of data. While to date such incidents have not had a material impact on our business, there can be no assurance that future incidents would not have an adverse effect on our business or reputation. Additionally, the process of integrating the information systems of the businesses we acquire is complex and exposes us to additional risk as we might not adequately identify weaknesses in the acquired business' s information systems or information handling, privacy and security policies and protocols, which could expose us to unexpected liabilities or make our own systems and data more vulnerable to attack. **In addition, data privacy laws and regulations governing the unauthorized disclosure of confidential information may pose compliance challenges and result in additional costs for our businesses. A failure to comply with such laws and regulations could result in penalties or fines, legal liabilities or reputational harm.** We may be required to conduct environmental remediation activities, which could be expensive and inhibit the growth of our business and our ability to maintain profitability, particularly in our Infrastructure Solutions business. We are subject to a number of environmental laws and regulations, including those concerning the handling, treatment, storage, and disposal of hazardous materials. These laws predominantly affect our Infrastructure Solutions business but may impact our other businesses. These environmental laws generally impose liability on current and former owners and operators, transporters and generators of hazardous materials for remediation of contaminated properties. We could be held liable for such contamination created not only from our own activities but also from the historical activities of companies we have acquired, or the activities of others on properties that we own or lease. There can be no assurance that the discovery of currently unknown problems or conditions will not require substantial additional expenditures. In addition, if we do not comply with these laws and regulations, we could be subject to material administrative, civil or criminal penalties, or other substantial liabilities. Compliance with future changes in environmental laws and regulations, including those relating to climate change, could require significant expenditures. Increasing concerns about climate change and other environmental issues may result in additional environmental regulations and restrictions, and we cannot predict the nature, scope or effect of legislation or regulatory requirements that could be imposed, or how existing or future laws or regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could increase the costs of projects for us or our customers, potentially resulting in reduced profitability or a reduced demand for our services, or require us to incur substantial costs of compliance. The loss of a group or several key personnel, either at the corporate or operating level, or general labor constraints could adversely affect our business. The loss of key personnel or the inability to hire and retain qualified employees could have an adverse effect on our business, financial condition and results of operations. Our operations depend on the continued efforts of our executive officers, senior management and management personnel at our segments. As a service organization, relationships with significant customers can be dependent on certain employees within our organization, and our ability to meet our contractual obligations to our customers and support our growth strategy may be limited by our ability to retain and train necessary personnel. We cannot guarantee that any member of management at the corporate or operating segment level will continue in their capacity for any particular period of time, and there is significant competition in our industry for managerial personnel. We have a severance plan in place that covers certain of our senior leaders; however, this plan can neither guarantee that we will not lose key employees, nor prevent them from competing against us. If we lose a group of key personnel or even one key person at a segment, we may not be able to recruit suitable replacements at comparable salaries or at all, which could adversely affect our operations. Additionally, we generally do not maintain key man life insurance for members of our management. Our business is labor intensive, and many of our operations experience a high rate of employee turnover. We also may be constrained in hiring and retaining sufficient qualified employees to support our growth strategy due to general labor shortages in our industries. In addition, a lack of skilled labor or increased turnover rates within our employee base could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees. Continued labor constraints may limit our ability to grow and may limit our profitability due to the impact of rising wages. Risks Relating to our Financial Results, Financing and Liquidity ~~Availability of net~~ **Negative conditions in the credit and capital markets may adversely impact our ability to** ~~operating~~ **operate** ~~losses may~~

~~be reduced~~ **our business. In the past, the level of demand from our customers for our services has been adversely impacted** by ~~by~~ slowdowns in our customers' industries as well as in the economy in general.A number of economic factors,including financing conditions for our customers' industries,have,in the past,adversely affected our customers and their ability or willingness to fund expenditures.Many of our customers depend on the availability of credit to help finance their capital and maintenance projects.At times,tightened availability of credit and changes in interest rates that affect the cost of construction financing and mortgages have negatively impacted the ability of existing and prospective customers to obtain sufficient financing and fund projects we might otherwise perform. **As** a **result, our customers may defer such projects for an unknown, and perhaps lengthy, period. Any such deferrals would inhibit our growth and would adversely affect our results of operations. In a weak economic environment, particularly in a period of restrictive credit markets, we may experience greater difficulties in collecting payments from, and negotiating** change **orders and / or claims with, our customers due to, among other reasons, a diminution** in ~~ownership~~ **our ultimate customers' access to the credit markets** . ~~A~~ **If clients delay in paying or fail to pay a significant amount of our outstanding receivables, or we fail to successfully negotiate a significant portion of our** change ~~in ownership~~ **orders and / or claims with customers** , **it** ~~as defined by Internal Revenue Code Section 382,~~ could **have** ~~reduce the availability of NOLs for federal and~~ - **an adverse effect on** ~~state income tax purposes. Should Tontine sell or~~ **our** ~~otherwise dispose~~ **liquidity, results** of **operations, and financial** ~~all or a portion of its~~ position ~~in IES, a change in ownership could occur. A change in ownership could also result from the purchase of common stock by an existing or a new 5 % shareholder as defined by Internal Revenue Code Section 382. As of September 30, 2022, we have approximately \$ 61. 0 million of federal NOLs that are available to use to offset future taxable income, including approximately \$ 55. 1 million resulting from net operating losses on which a deferred tax asset is not recorded. Should a change in ownership occur, all NOLs incurred prior to the change in ownership would be subject to limitation imposed by Internal Revenue Code Section 382, which would substantially reduce the amount of NOLs currently available to offset taxable income~~ . We have adopted tax positions that a taxing authority may view differently. If a taxing authority differs with our tax positions, our results may be adversely affected. Our effective tax rate ~~,~~ **and** cash paid for taxes ~~and the availability of our NOLs~~ are impacted by the tax positions that we have adopted. Taxing authorities may not always agree with the positions we have taken. We have established reserves for tax positions that we have determined to be less than likely to be sustained by taxing authorities. However, there can be no assurance that our results of operations will not be adversely affected in the event that disagreement over our tax positions does arise. To fund our working capital requirements, complete acquisitions and service any debt we may incur, we may require a significant amount of cash. Our ability to generate cash depends on many factors that are beyond our control. Our ability to continue to grow our business, including through acquisitions and the funding of working capital requirements, as well as our ability to make payments on or refinance any indebtedness we may incur, will depend on our ability to generate cash in the future. This is subject to our operational performance, as well as general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot provide assurance that our business will generate sufficient cash flow from operations or asset sales or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to complete acquisitions, to service any debt we may incur or to fund our other liquidity needs. We may need to refinance our credit facility on or before maturity. We cannot provide assurance that we will be able to refinance our credit facility on commercially reasonable terms or at all. Our inability to access capital on commercially reasonable terms could have a material adverse effect on our business. Negative conditions in the credit and capital...... of operations, and financial position. We have restrictions and covenants under our credit agreement and the failure to meet these covenants, including liquidity and other financial requirements, could result in a default under our credit agreement. We may not be able to remain in compliance with the covenants in our credit agreement, including financial covenants which, among other things, require minimum levels of liquidity and require us to maintain a specified fixed charge coverage ratio as defined under our credit agreement. Other covenants, among other things, limit our ability to provide liens, restrict fundamental changes, limit transactions with affiliates and subsidiaries, restrict changes to our organization documents, limit asset dispositions, limit investments, limit the ability to incur debt, restrict certain payments to shareholders, limit our ability to repurchase our stock, and limit the ability to change the nature of our business. A failure to fulfill the terms and requirements of our credit agreement may result in a default under our credit agreement and acceleration of any indebtedness we may incur, as well as a default under one or more of our material agreements, any of which could have a material adverse effect on our ability to conduct our operations and our financial condition. Our use of percentage- of- completion accounting could result in a reduction or elimination of previously reported profits, and we may be adversely impacted by new accounting, control and operating procedures. A significant portion of our revenue is recognized using the percentage- of- completion method of accounting, utilizing the cost-to- cost method, which results in our recognizing contract revenues and earnings ratably over the contract term in proportion to contract costs incurred. The earnings or losses recognized on individual contracts are based on estimates of contract revenues, costs and profitability. We review our estimates of contract revenue, costs and profitability on an ongoing basis. Prior to contract completion, we may adjust our estimates on one or more occasions as a result of change orders to the original contract, collection disputes with the customer on amounts invoiced or claims against the customer for increased costs incurred by us due to customer- induced delays and other factors. Contract losses are recognized in full when determined to be probable and reasonably estimable. Although we have historically made reasonably reliable estimates of the progress towards completion of our construction contracts, the uncertainties inherent in the estimating process make it possible for actual costs to vary materially from estimates, including reductions or reversals of previously recorded revenues and profits. In addition, we may be adversely impacted by new accounting pronouncements which change our revenue recognition or other accounting practices or otherwise alter how we report our financial results, or which require that we change our control and operating procedures, which we may be unable to do in a timely manner. Our reported operating results could be adversely affected as a result of goodwill impairment charges. GAAP accounting requires that goodwill attributable to each of our reporting units be tested at least annually, or when changes in circumstance indicate the carrying value of our reporting units may not be recoverable. At September 30, ~~2022~~ **2023** , we had recorded $ 92 **. 4** million of goodwill on our Consolidated Balance Sheets. Factors that could lead to impairment of current goodwill in the future include significant adverse changes in the business climate, declines in the financial condition of our business, and actual or projected future operating results affecting the Company as a whole or affecting any particular reporting unit. On an ongoing basis, we expect to perform impairment tests at least annually as of September 30. Impairment adjustments, if any, are required to be recognized as operating expenses. We cannot assure that we will not have future impairment adjustments to our recorded goodwill. Risks Relating to Our Common Stock Existence of a controlling shareholder. A majority of our outstanding common stock is owned by Tontine, and Jeffrey Gendell, founder and managing member of Tontine, serves as our Chief Executive Officer and as Chairman of our Board of Directors. Tontine owns approximately ~~57~~ **58** percent of the Company' s outstanding common stock based on ~~a Form 4~~ **Amendment No. 27 to the Schedule 13D** filed by Tontine with the SEC on ~~December 3~~ **September 8** , ~~2021~~ **2023** , and the Company' s shares outstanding as of ~~December 2~~ **November 30** , ~~2022~~ **2023** . As a result, Tontine can control most of our affairs, including the election of our directors, who in turn appoint executive management and can control most actions requiring the approval of shareholders, including the adoption of amendments to our corporate charter and approval of any potential merger or sale of all or substantially all of the Company' s assets or business segments or the Company itself. This control also gives Tontine the ability to bring matters to a shareholder vote that may not be in the best interest of our other shareholders or stakeholders. Additionally, Tontine is in the business of investing in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us or act as suppliers or customers of the Company. Pursuant to a resale shelf registration statement filed by the Company, Tontine has the ability to resell any or all of its registered shares from time to time in one or more offerings as long as the registration statement remains effective and the Company remains eligible to use it, as described further in the registration statement and in any prospectus supplement filed in connection with an offering pursuant to the shelf registration statement. Tontine' s sale of all or any portion of its shares could result in a change of control of the Company, which 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 ~~, and could trigger limitations on the availability of our NOLs under Internal Revenue Code Section 382~~ . Our common stock has less liquidity than many other stocks listed on the Nasdaq Global Market. Historically, the trading volume of our common stock has been relatively low when compared to other companies listed on the Nasdaq Global Market or other stock exchanges. While we have experienced increased liquidity in our stock during recent years compared with historical levels, we cannot say with certainty that a more active and liquid trading market for our common stock will continue to develop. Because of this, it may 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. We may 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 book value per share of our common stock. Our authorized capital includes 100, 000, 000 shares of common stock and 10, 000, 000 shares of preferred stock. As of September 30, ~~2022~~ **2023** , we had 22, 049, 529 shares of common stock issued, 20, ~~341~~ **194** , ~~900~~ **218** shares of common stock outstanding and no shares of preferred stock issued or outstanding. As of September 30, ~~2022~~ **2023** , we had the ability to issue ~~713~~ **619** , ~~058~~ **735** shares of common stock, including upon the exercise of options, as future grants under our existing equity compensation plans. Although we currently do not have any intention of issuing additional common stock (other than pursuant to our equity compensation plans) or preferred stock, we may do so in the future in order to meet our capital needs. Subject to applicable Nasdaq Listing Rules, our Board of Directors generally has the authority, without action by or vote of the stockholders, to issue all or part of any authorized but unissued shares of common stock or preferred stock for any corporate purpose. We may seek additional equity capital in the future as we develop our business and expand our operations. Any issuance of additional shares of common stock, preferred stock, or convertible securities will dilute the percentage ownership interest of our stockholders and may dilute the book value per share of our common stock. Substantial sales of our common stock could adversely affect our stock price. Most of Tontine' s shares are registered for resale on a resale shelf registration statement filed by the Company with the SEC. Sales of a substantial number of shares of our common stock by holders of our common stock, including Tontine, or the perception that such sales could occur, could adversely affect the market price of our common stock by introducing a large number of shares into the market. Such sales, or the perception that such sales could occur, could cause the market price of our common stock to decline. We cannot predict whether future sales of our common stock, or the availability of our common stock for sale, will adversely affect the market price for our common stock or our ability to raise capital by offering equity securities. Increasing scrutiny and changing expectations from investors and customers with respect to our environmental, social and governance practices may impose additional costs on us or expose us to reputational or other risks. Investors have increased their emphasis on the environmental, social and governance (~~"~~ **“** ESG ~~"~~ **”**) practices of companies across all industries, including the environmental impact of operations and human capital management. Certain stockholders use third- party benchmarks or scores to measure a company' s ESG practices ~~and decide~~ **when deciding** whether to invest in its common stock or engage with the company to require changes to its practices. In addition, our customers may evaluate our ESG practices or require that we adopt certain ESG policies as a condition of awarding contracts. A failure to comply with investor or customer expectations and standards, which are evolving and vary considerably, or the perception that we have not responded appropriately to the growing concern for ESG issues, could result in reputational harm to our business and could have an adverse effect on us. In addition, organizations that provide ratings information to investors on ESG matters may assign unfavorable ratings to IES or our industries, which may lead to negative investor sentiment and the diversion of investment capital to other companies or industries, which could have a negative impact on our stock price and our costs of capital. 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. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is, to the fullest extent permitted by law, 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 Exchange Act, or the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. General Risks Our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur. Internal controls over financial reporting and disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system' s objective will be met. On a quarterly basis, we evaluate our internal controls over financial reporting and our disclosure controls and procedures, which include a review of the objectives, design, implementation and effectiveness of the controls and the information generated for use in our periodic reports. In the course of our controls evaluation, we sought (and seek) to identify data errors, control problems and to confirm that appropriate corrective actions, including process improvements, are being undertaken. This type of evaluation is conducted on a quarterly basis so that the conclusions concerning the effectiveness of our controls can be reported in our periodic reports. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system' s objectives will be satisfied. Internal controls over financial reporting and disclosure controls and procedures are designed to give reasonable assurance that they are effective and achieve their objectives. We cannot provide absolute assurance that all possible future control issues have been detected. These inherent limitations include the possibility that our judgments can be faulty and that isolated breakdowns can occur because of human error or mistake. The design of our system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed absolutely in achieving our stated goals under all potential future or unforeseeable conditions. Because of the inherent limitations in a ~~cost-effective~~ control system, misstatements due to error could occur without being detected.