

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2022**

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 No. **001-16501**



Williams Industrial Services Group Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

73-1541378
(I.R.S. Employer
Identification No.)

200 Ashford Center North, Suite 425
Atlanta, GA 30338
(Address of principal executive offices) (Zip code)

(770) 879-4400
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | WLMS | NYSE American |

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

As of May 9, 2022, there were 26,560,277 shares of common stock of Williams Industrial Services Group Inc. outstanding.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

Table of Contents

| | |
|---|----|
| <u>Part I—FINANCIAL INFORMATION</u> | 2 |
| <u>Item 1. Financial Statements</u> | 2 |
| <u>Condensed Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021 (unaudited)</u> | 2 |
| <u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2022 and 2021 (unaudited)</u> | 3 |
| <u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2022 and 2021 (unaudited)</u> | 4 |
| <u>Condensed Consolidated Statements of Stockholders' Equity for the Three Months Ended March 31, 2022 and 2021 (unaudited)</u> | 5 |
| <u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2022 and 2021 (unaudited)</u> | 6 |
| <u>Notes to Condensed Consolidated Financial Statements (unaudited)</u> | 7 |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 21 |
| <u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u> | 28 |
| <u>Item 4. Controls and Procedures</u> | 29 |
| <u>Part II—OTHER INFORMATION</u> | |
| <u>Item 1. Legal Proceedings</u> | 30 |
| <u>Item 1A. Risk Factors</u> | 30 |
| <u>Item 6. Exhibits</u> | 30 |
| <u>SIGNATURES</u> | 31 |

Part I—FINANCIAL INFORMATION**Item 1. Financial Statements.****WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

| (in thousands, except share data) | March 31, 2022 | December 31, 2021 |
|---|----------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,260 | \$ 2,482 |
| Restricted cash | 468 | 468 |
| Accounts receivable, net of allowance of \$392 and \$427, respectively | 33,574 | 35,204 |
| Contract assets | 12,838 | 12,683 |
| Other current assets | 11,076 | 11,049 |
| Total current assets | 62,216 | 61,886 |
| Property, plant, and equipment, net | 587 | 653 |
| Goodwill | 35,400 | 35,400 |
| Intangible assets | 12,500 | 12,500 |
| Other long-term assets | 6,998 | 5,712 |
| Total assets | \$ 117,701 | \$ 116,151 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 16,424 | \$ 12,168 |
| Accrued compensation and benefits | 12,056 | 12,388 |
| Contract liabilities | 2,717 | 3,412 |
| Short-term borrowings | — | 676 |
| Current portion of long-term debt | 1,050 | 1,050 |
| Other current liabilities | 10,288 | 11,017 |
| Current liabilities of discontinued operations | 337 | 316 |
| Total current liabilities | 42,872 | 41,027 |
| Long-term debt, net | 30,228 | 30,328 |
| Deferred tax liabilities | 2,447 | 2,442 |
| Other long-term liabilities | 3,539 | 1,647 |
| Long-term liabilities of discontinued operations | 4,207 | 4,250 |
| Total liabilities | 83,293 | 79,694 |
| Commitments and contingencies (Note 10) | | |
| Stockholders' equity: | | |
| Common stock, \$0.01 par value, 170,000,000 shares authorized and 26,700,683 and 26,408,789 shares issued, respectively, and 26,231,515 and 25,939,621 shares outstanding, respectively | 261 | 261 |
| Paid-in capital | 92,080 | 92,227 |
| Accumulated other comprehensive income (loss) | 47 | (95) |
| Accumulated deficit | (57,974) | (55,930) |
| Treasury stock, at par (469,168 and 469,168 common shares, respectively) | (6) | (6) |
| Total stockholders' equity | 34,408 | 36,457 |
| Total liabilities and stockholders' equity | \$ 117,701 | \$ 116,151 |

See accompanying notes to condensed consolidated financial statements.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| (in thousands, except per share data) | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2022 | 2021 |
| Revenue | \$ 69,559 | \$ 60,851 |
| Cost of revenue | 63,850 | 54,753 |
| Gross profit | 5,709 | 6,098 |
| Selling and marketing expenses | 330 | 211 |
| General and administrative expenses | 6,071 | 6,311 |
| Depreciation and amortization expense | 66 | 41 |
| Total operating expenses | 6,467 | 6,563 |
| Operating loss | (758) | (465) |
| Interest expense, net | 1,219 | 1,293 |
| Other income, net | (179) | (360) |
| Total other expense, net | 1,040 | 933 |
| Loss from continuing operations before income tax | (1,798) | (1,398) |
| Income tax expense | 229 | 185 |
| Loss from continuing operations | (2,027) | (1,583) |
| Loss from discontinued operations before income tax | — | (79) |
| Income tax expense | 17 | 19 |
| Loss from discontinued operations | (17) | (98) |
| Net loss | \$ (2,044) | \$ (1,681) |
| Basic loss per common share | | |
| Loss from continuing operations | \$ (0.08) | \$ (0.06) |
| Loss from discontinued operations | — | (0.01) |
| Basic loss per common share | \$ (0.08) | \$ (0.07) |
| Diluted loss per common share | | |
| Loss from continuing operations | \$ (0.08) | \$ (0.06) |
| Loss from discontinued operations | — | (0.01) |
| Diluted loss per common share | \$ (0.08) | \$ (0.07) |

See accompanying notes to condensed consolidated financial statements.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

| (in thousands) | Three Months Ended March 31, | |
|---|-------------------------------------|-------------|
| | 2022 | 2021 |
| Net loss | \$ (2,044) | \$ (1,681) |
| Foreign currency translation adjustment | 142 | 4 |
| Comprehensive loss | \$ (1,902) | \$ (1,677) |

See accompanying notes to condensed consolidated financial statements.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

| (in thousands, except share data) | Common Shares \$0.01 Per Share | | Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | | Accumulated Deficit | Treasury Shares | | Total |
|---|-----------------------------------|------------|--------------------|--|-------------|------------------------|-----------------|-------------|-------|
| | Shares | Amount | | Income (Loss) | Deficit | | Shares | Amount | |
| | Balance, December 31, 2020 | 25,926,333 | | \$ 256 | \$ 90,292 | | \$ 28 | \$ (58,673) | |
| Issuance of restricted stock | 438,836 | 4 | — | — | — | 120,723 | 2 | 6 | |
| Tax withholding on restricted stock units | — | — | (545) | — | — | — | — | (545) | |
| Stock-based compensation | — | — | 625 | — | — | — | — | 625 | |
| Foreign currency translation | — | — | — | 4 | — | — | — | 4 | |
| Net loss | — | — | — | — | (1,681) | — | — | (1,681) | |
| Balance, March 31, 2021 | 26,365,169 | \$ 260 | \$ 90,372 | \$ 32 | \$ (60,354) | (469,168) | \$ (6) | \$ 30,304 | |

| (in thousands, except share data) | Common Shares \$0.01 Per Share | | Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | | Accumulated Deficit | Treasury Shares | | Total |
|------------------------------------|-----------------------------------|------------|--------------------|--|-------------|------------------------|-----------------|-------------|-------|
| | Shares | Amount | | Income (Loss) | Deficit | | Shares | Amount | |
| | Balance, December 31, 2021 | 26,408,789 | | \$ 261 | \$ 92,227 | | \$ (95) | \$ (55,930) | |
| Issuance of restricted stock units | 291,894 | — | — | — | — | — | — | — | |
| Stock-based compensation | — | — | (147) | — | — | — | — | (147) | |
| Foreign currency translation | — | — | — | 142 | — | — | — | 142 | |
| Net loss | — | — | — | — | (2,044) | — | — | (2,044) | |
| Balance, March 31, 2022 | 26,700,683 | \$ 261 | \$ 92,080 | \$ 47 | \$ (57,974) | (469,168) | \$ (6) | \$ 34,408 | |

See accompanying notes to condensed consolidated financial statements.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| (in thousands) | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2022 | 2021 |
| Operating activities: | | |
| Net loss | \$ (2,044) | \$ (1,681) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Net loss from discontinued operations | 17 | 98 |
| Deferred income tax provision (benefit) | 5 | (13) |
| Depreciation and amortization on plant, property, and equipment | 66 | 41 |
| Amortization of deferred financing costs | 208 | 208 |
| Amortization of debt discount | 50 | 50 |
| Bad debt expense | (35) | (18) |
| Stock-based compensation | (31) | 715 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,713 | (1,634) |
| Contract assets | (153) | (4,410) |
| Other current assets | (27) | 59 |
| Other assets | (1,369) | (172) |
| Accounts payable | 4,231 | (859) |
| Accrued and other liabilities | 619 | 5,112 |
| Contract liabilities | (695) | (548) |
| Net cash provided by (used in) operating activities, continuing operations | 2,555 | (3,052) |
| Net cash used in operating activities, discontinued operations | (39) | (69) |
| Net cash provided by (used in) operating activities | 2,516 | (3,121) |
| Investing activities: | | |
| Purchase of property, plant, and equipment | — | (56) |
| Net cash used in investing activities | — | (56) |
| Financing activities: | | |
| Repurchase of stock-based awards for payment of statutory taxes due on stock-based compensation | — | (541) |
| Proceeds from short-term borrowings | 66,618 | 57,971 |
| Repayments of short-term borrowings | (67,294) | (57,172) |
| Repayments of long-term debt | (263) | (263) |
| Net cash used in financing activities | (939) | (5) |
| Effect of exchange rate change on cash | 201 | (90) |
| Net change in cash, cash equivalents and restricted cash | 1,778 | (3,272) |
| Cash, cash equivalents and restricted cash, beginning of period | 2,950 | 9,184 |
| Cash, cash equivalents and restricted cash, end of period | \$ 4,728 | \$ 5,912 |
| Supplemental Disclosures: | | |
| Cash paid for interest | \$ 867 | \$ 875 |
| Cash paid for income taxes, net of refunds | \$ 36 | \$ 1,066 |

See accompanying notes to condensed consolidated financial statements.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1—BUSINESS AND BASIS OF PRESENTATION

Business

Williams Industrial Services Group Inc. (together with its wholly owned subsidiaries, “Williams,” the “Company,” “we,” “us” or “our,” unless the context indicates otherwise) was initially formed in 1998 as GEEG Inc., a Delaware corporation, and in 2001 changed its name to “Global Power Equipment Group Inc.,” and, as part of a reorganization, became the successor to GEEG Holdings, L.L.C., a Delaware limited liability company. Effective June 29, 2018, the Company changed its name to Williams Industrial Services Group Inc. to better align its name with the Williams business, and the Company’s stock trades on the NYSE American LLC under the ticker symbol “WLMS.” Williams has been safely helping plant owners and operators enhance asset value for more than 50 years. It provides a broad range of construction, maintenance, and support services to infrastructure customers in energy, power, and industrial end markets. The Company’s mission is to be the preferred provider of construction, maintenance, and specialty services through commitment to superior safety performance, focus on innovation, and dedication to delivering unsurpassed value to its customers.

Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) on a basis consistent with that used in the Annual Report on Form 10-K for the year ended December 31, 2021, filed by the Company with the U.S. Securities and Exchange Commission (“SEC”) on March 16, 2022 (the “2021 Report”). In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, including all normal recurring adjustments, necessary to present fairly the unaudited condensed consolidated balance sheets and statements of operations, comprehensive income, stockholders’ equity and cash flows for the periods indicated. All significant intercompany transactions have been eliminated. The December 31, 2021 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. These unaudited condensed consolidated interim financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2021 Report. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for any interim period are not necessarily indicative of operations to be expected for the full year.

The Company reports on a fiscal quarter basis utilizing a “modified” 5-4-4 calendar (modified in that the fiscal year always begins on January 1 and ends on December 31). However, the Company has continued to label its quarterly information using a calendar convention. The effects of this practice are modest and only exist when comparing interim period results. The reporting periods and corresponding fiscal interim periods are as follows:

| Reporting Interim Period | Fiscal Interim Period | |
|---------------------------------|----------------------------------|----------------------------------|
| | 2022 | 2021 |
| Three Months Ended March 31 | January 1, 2022 to April 3, 2022 | January 1, 2021 to April 4, 2021 |
| Three Months Ended June 30 | April 4, 2022 to July 3, 2022 | April 5, 2021 to July 4, 2021 |
| Three Months Ended September 30 | July 4, 2022 to October 2, 2022 | July 5, 2021 to October 3, 2021 |

NOTE 2—RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

The Company did not implement any new accounting pronouncements during the first quarter of 2022. However, the Company is currently evaluating the impact of future disclosures that may arise under recent SEC proposals.

NOTE 3—LEASES

The Company primarily leases office space and related equipment, as well as equipment, modular units and vehicles directly used in providing services to its customers. The Company's leases have remaining lease terms of one to ten years. Most leases contain renewal options for varying periods, which are at the Company's sole discretion and included in the expected lease term if they are reasonably certain of being exercised. In accordance with ASU 2016-02, the Company accounts for lease components, such as fixed payments including rent, real estate taxes, and insurance costs, separately from the non-lease components, such as common area maintenance costs.

In accordance with ASU 2016-02, for leases with terms greater than twelve months, the Company records the related right-of-use assets and lease liabilities at the present value of the fixed lease payments over the lease term at the lease commencement date. The Company uses its incremental borrowing rate to determine the present value of the lease as the rate implicit in the lease is typically not readily determinable.

Short-term leases (leases with an initial term of twelve months or less or leases that are cancelable by the lessee and lessor without significant penalties) are expensed on a straight-line basis over the lease term. The majority of the Company's short-term leases relate to equipment used in delivering services to its customers. These leases are entered into at agreed upon hourly, daily, weekly, or monthly rental rates for an unspecified duration and typically have a termination for convenience provision. Such equipment leases are considered short-term in nature unless it is reasonably certain that the equipment will be leased for a term greater than twelve months.

On September 2, 2021, the Company made the decision to relocate its corporate headquarters to Atlanta, Georgia and entered into a ten-year lease agreement. The Company completed its relocation in March 2022. The lease is presented as a right-of-use asset and lease liability and the lease liability amounts to \$3.5 million with a present value of \$2.3 million over a ten-year term. If the Company defaults, the landlord has the right to use the security deposit for rent or other payments due to other damages, injury, expense or liability as defined in the lease agreement. Although the security deposit shall be deemed the property of the landlord, any remaining balance of the security deposit shall be returned by the landlord to the Company after termination of the lease as the Company's obligations under the lease have been fulfilled. The Company subleased its former office space and collected \$15,000 of sublease income as of March 31, 2022.

The components of lease expense were as follows:

| Lease Cost/(Sublease Income) (in thousands) | Three Months Ended March 31, | |
|---|------------------------------|----------|
| | 2022 | 2021 |
| Operating lease cost | \$ 546 | \$ 555 |
| Short-term lease cost | 1,617 | 620 |
| Sublease income | (15) | - |
| Total lease cost | \$ 2,148 | \$ 1,175 |

Lease cost related to finance leases was not significant for the three months ended March 31, 2022 and 2021.

[Table of Contents](#)

Information related to the Company's right-of-use assets and lease liabilities were as follows:

| Lease Assets/Liabilities (in thousands) | Balance Sheet Classification | March 31, 2022 | December 31, 2021 |
|---|------------------------------|----------------|-------------------|
| Lease Assets | | | |
| Right-of-use assets | Other long-term assets | \$ 3,718 | \$ 1,527 |
| Lease Liabilities | | | |
| Short-term lease liabilities | Other current liabilities | \$ 1,854 | \$ 1,606 |
| Long-term lease liabilities | Other long-term liabilities | 2,348 | 511 |
| Total lease liabilities | | \$ 4,202 | \$ 2,117 |

Supplemental information related to the Company's leases were as follows:

| (dollars in thousands) | Three Months Ended March 31, | |
|--|------------------------------|------------|
| | 2022 | 2021 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash used by operating leases | \$ 651 | \$ 578 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | 2,678 | 491 |
| Weighted-average remaining lease term - operating leases | 5.47 years | 1.80 years |
| Weighted-average remaining lease term - finance leases | 1.98 years | 3.23 years |
| Weighted-average discount rate - operating leases | 9% | 9% |
| Weighted-average discount rate - finance leases | 9% | 9% |

Total remaining lease payments under the Company's operating and finance leases were as follows:

| Three Months Ended March 31, 2022 | Operating Leases | | Finance Leases | |
|------------------------------------|------------------|----|----------------|----|
| | (in thousands) | | | |
| Remainder of 2022 | \$ 1,735 | \$ | \$ | 4 |
| 2023 | 827 | | | 6 |
| 2024 | 479 | | | - |
| 2025 | 350 | | | - |
| 2026 | 348 | | | - |
| Thereafter | 1,589 | | | - |
| Total lease payments | \$ 5,328 | \$ | \$ | 10 |
| Less: interest | (1,136) | | | - |
| Present value of lease liabilities | \$ 4,192 | \$ | \$ | 10 |

NOTE 4—CHANGES IN BUSINESS

Discontinued Operations

Electrical Solutions

During the fourth quarter of 2017, the Company made the decision to exit and sell its Electrical Solutions segment (which was comprised solely of Koontz-Wagner Custom Controls Holdings LLC ("Koontz-Wagner"), a wholly owned subsidiary of the Company) in an effort to reduce the Company's outstanding term debt. The Company determined that the decision to exit this segment met the definition of a discontinued operation. As a result, this segment has been presented as a discontinued operation for all periods presented.

[Table of Contents](#)

On July 11, 2018, Koontz-Wagner filed a voluntary petition for relief under Chapter 7 of Title 11 of the Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of Texas. The filing was for Koontz-Wagner only, not for the Company as a whole, and was completely separate and distinct from the Williams business and operations. As a result of the July 11, 2018 bankruptcy of Koontz-Wagner, the Company recorded a pension withdrawal liability of \$2.9 million related to Koontz-Wagner's International Brotherhood of Electrical Workers Local Union 1392 ("IBEW") multi-employer pension plan.

After an arbitration process, on May 12, 2021, an arbitrator concluded that the IBEW used an incorrect per hour contribution rate in calculating the Company's pension withdrawal liability, which resulted in the Company overpaying. The arbitrator directed IBEW to refund all overpayments, with interest, to the Company and to redetermine the Company's payments going forward using the proper contribution rate. Accordingly, the Company's overall pension withdrawal liability decreased by approximately \$0.3 million. The pension liability is expected to be satisfied by annual cash payments of \$0.3 million each, paid in quarterly installments, through 2038. The Company recorded a gain on disposal of approximately \$0.3 million in 2021 to reduce its previously recorded estimated withdrawal liability to the new amount.

Mechanical Solutions

During the third quarter of 2017, the Company made the decision to exit and sell substantially all of the operating assets and liabilities of its Mechanical Solutions segment and determined that the decision to exit this segment met the definition of a discontinued operation. As a result, this segment has been presented as a discontinued operation for all periods presented.

As of March 31, 2022 and December 31, 2021, the Company did not have any assets related to its Electrical Solutions' and Mechanical Solutions' discontinued operations. The following table presents a reconciliation of the carrying amounts of major classes of liabilities of Electrical Solutions' and Mechanical Solutions' discontinued operations:

| <u>(in thousands)</u> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|-----------------------|--------------------------|
| Liabilities: | | |
| Other current liabilities | \$ 337 | \$ 316 |
| Current liabilities of discontinued operations | 337 | 316 |
| Liability for pension obligation | 2,307 | 2,368 |
| Liability for uncertain tax positions | 1,900 | 1,882 |
| Long-term liabilities of discontinued operations | 4,207 | 4,250 |
| Total liabilities of discontinued operations | \$ 4,544 | \$ 4,566 |

The following table presents a reconciliation of the major classes of line items constituting the net loss from discontinued operations. In accordance with GAAP, the amounts in the table below do not include an allocation of corporate overhead.

| <u>(in thousands)</u> | <u>Three Months Ended March 31,</u> | |
|---|-------------------------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| General and administrative expenses | \$ — | \$ 28 |
| Interest expense | — | 51 |
| Loss from discontinued operations before income tax | — | (79) |
| Income tax expense | 17 | 19 |
| Loss from discontinued operations | \$ (17) | \$ (98) |

NOTE 5—REVENUE***Disaggregation of Revenue***

The Company's contracts generally include a single performance obligation for which revenue is recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. For cost-plus contracts, the Company recognizes revenue when services are performed and contractually billable based upon the hours incurred and agreed-upon hourly rates. Revenue on fixed-price contracts is recognized and invoiced over time using the cost-to-cost percentage-of-completion method. To the extent a contract is deemed to have multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation using its best estimate of the standalone selling price of each distinct good or service in the contract. The Company does not adjust the price of the contract for the effects of a significant financing component. Change orders 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. The Company believes these methods of revenue recognition most accurately reflect the economics of the transactions with its customers.

The Company's contracts may include several types of variable consideration, including change orders, rate true-up provisions, retainage, claims, incentives, penalties, and liquidated damages. The Company estimates the amount of revenue to be recognized on variable consideration using estimation methods that best predict the amount of consideration to which the Company expects to be entitled. The Company includes 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. The Company's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based on an assessment of its anticipated performance and all information (historical, current, and forecasted) that is reasonably available. The Company updates its estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis. In circumstances where the Company cannot reasonably determine the outcome of a contract, it recognizes revenue over time as the work is performed, but only to the extent of recoverable costs incurred (i.e. zero margin). A loss provision is recorded for the amount of any estimated unrecoverable costs in excess of total estimated revenue on a contract as soon as the Company becomes aware. The Company generally provides a limited warranty for a term of two years or less following completion of services performed under its contracts. Historically, warranty claims have not resulted in material costs incurred.

Disaggregated revenue by type of contract was as follows:

| (in thousands) | Three Months Ended March 31, | |
|-----------------------------------|-------------------------------------|-------------|
| | 2022 | 2021 |
| Cost-plus reimbursement contracts | \$ 54,255 | \$ 55,593 |
| Fixed-price contracts | 15,304 | 5,258 |
| Total | \$ 69,559 | \$ 60,851 |

Disaggregated revenue by the geographic area where the work was performed was as follows:

| (in thousands) | Three Months Ended March 31, | |
|-----------------------|-------------------------------------|-------------|
| | 2022 | 2021 |
| United States | \$ 64,057 | \$ 51,190 |
| Canada | 5,502 | 9,661 |
| Total | \$ 69,559 | \$ 60,851 |

Contract Balances

The Company enters into contracts that allow for periodic billings over the contract term that are dependent upon specific advance billing terms, as services are provided, or as milestone billings based on completion of certain phases of work. Projects with performance obligations recognized over time that have costs and estimated earnings recognized to date in excess of cumulative billings are reported in the Company's unaudited condensed consolidated balance sheets as contract assets. Projects with performance obligations recognized over time that have cumulative billings in excess of costs and estimated earnings recognized to date are reported in the Company's unaudited condensed consolidated balance sheets as contract liabilities. At any point in time, each project in process could have either contract assets or contract liabilities.

The following table provides information about contract assets and contract liabilities from contracts with customers:

| <u>(in thousands)</u> | <u>Three Months Ended March 31,</u> | |
|--|-------------------------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| Costs incurred on uncompleted contracts | \$ 63,850 | \$ 54,753 |
| Earnings recognized on uncompleted contracts | 5,709 | 6,098 |
| Total | 69,559 | 60,851 |
| Less—billings to date | (59,438) | (50,301) |
| Net | \$ 10,121 | \$ 10,550 |
| Contract assets | \$ 12,838 | \$ 12,528 |
| Contract liabilities | (2,717) | (1,978) |
| Net | \$ 10,121 | \$ 10,550 |

For the three months ended March 31, 2022, the Company recognized revenue of approximately \$1.4 million on approximately \$3.4 million that was included in the corresponding contract liability balance on December 31, 2021.

Remaining Performance Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of March 31, 2022:

| <u>(in thousands)</u> | <u>Remainder of 2022</u> | <u>2023</u> | <u>2024</u> | <u>Thereafter</u> | <u>Total</u> |
|-----------------------------------|--------------------------|-------------|-------------|-------------------|--------------|
| Remaining performance obligations | \$ 121,843 | \$ 65,730 | \$ 27,148 | \$ 42,235 | \$ 256,956 |

NOTE 6—EARNINGS (LOSS) PER SHARE

As of March 31, 2022, the Company's 26,231,515 shares outstanding included 321,142 shares of contingently issued but unvested restricted stock. As of March 31, 2021, the Company's 25,896,001 shares outstanding included 215,956 shares of contingently issued but unvested restricted stock. Restricted stock is excluded from the calculation of basic weighted average shares outstanding, but its impact, if dilutive, is included in the calculation of diluted weighted average shares outstanding.

Basic earnings per common share are calculated by dividing net income by the weighted average common shares outstanding during the period. Diluted earnings per common share are based on the weighted average common shares outstanding during the period, adjusted for the potential dilutive effect of common shares that would be issued upon the vesting and release of restricted stock awards and units and stock options, if any.

[Table of Contents](#)

Basic and diluted earnings per common share from continuing operations were calculated as follows:

| (in thousands, except share data) | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2022 | 2021 |
| Loss from continuing operations | \$ (2,027) | \$ (1,583) |
| Basic loss per common share: | | |
| Weighted average common shares outstanding | 25,838,562 | 24,933,894 |
| Basic loss per common share | \$ (0.08) | \$ (0.06) |
| Diluted loss per common share: | | |
| Weighted average common shares outstanding | 25,838,562 | 24,933,894 |
| Diluted effect: | | |
| Unvested portion of restricted stock units and awards | — | — |
| Weighted average diluted common shares outstanding | 25,838,562 | 24,933,894 |
| Diluted loss per common share | \$ (0.08) | \$ (0.06) |

The weighted average number of shares outstanding used in the computation of basic and diluted earnings per common share does not include the effect of the following potential outstanding common stock. The effects of the potentially outstanding service-based restricted stock and restricted stock unit awards were not included in the calculation of diluted earnings per common share because the effect would have been anti-dilutive. The effects of the potentially outstanding performance- and market-based restricted stock unit awards were not included in the calculation of diluted earnings per common share because the performance and/or market conditions had not been satisfied as of March 31, 2022 and 2021.

| | Three Months Ended March 31, | |
|--|------------------------------|-----------|
| | 2022 | 2021 |
| Unvested service-based restricted stock and restricted stock unit awards | 281,243 | 1,476,645 |
| Unvested performance- and market-based restricted stock unit awards | 1,923,002 | 1,023,740 |

NOTE 7—INCOME TAXES

The effective income tax expense rate for continuing operations for the three months ended March 31, 2022 and 2021 was as follows:

| | Three Months Ended March 31, | |
|---|------------------------------|---------|
| | 2022 | 2021 |
| Effective income tax rate for continuing operations | (12.7)% | (13.3)% |

The effective income tax rate differs from the statutory federal income tax rate of 21% primarily because of the Canadian income tax provision and the partial valuation allowances recorded on the Company's deferred tax assets.

For the three months ended March 31, 2022, the Company recorded income tax expense from continuing operations of \$0.2 million, or (12.7)% of pretax loss from continuing operations, compared with income tax expense from continuing operations of \$0.2 million, or (13.3)% of pretax loss from continuing operations, in the corresponding period of 2021. The \$44,000 increase in income tax provision from continuing operations for the three months ended March 31, 2022, compared with the corresponding period in 2021 was primarily the result of the Canadian pre-tax book income.

The Company's net deferred balance was primarily composed of indefinite lived deferred tax liabilities attributable to goodwill and trade names, and indefinite lived deferred tax assets related to the post 2017 net operating losses and the Section 163(j) interest addback. A full valuation allowance was applied to most of the remaining deferred balances. The indefinite lived deferred tax assets enabled the release of the valuation allowance to the extent that it can offset the indefinite lived deferred tax liabilities. Because all indefinite lived deferred tax liabilities are part of continued operations, and the release of valuation allowance is attributable to the future taxable income related to these deferred tax liabilities, the entire valuation allowance released was recorded in continuing operations according to ASC 740-20-45-3. As of March 31, 2022, the Company had \$2.4 million net deferred tax liabilities, mainly composed of \$12.4 million indefinite lived deferred tax liabilities attributable to

[Table of Contents](#)

goodwill and trade names and \$0.3 million of deferred tax liability related to its investment in Canada, partially offset by \$6.9 million indefinite lived deferred tax assets attributable to post 2017 net operating losses, and \$3.3 million indefinite lived deferred tax assets attributable to Section 163(j) interest addback.

As of March 31, 2022 and 2021, the Company would have needed to generate approximately \$288.8 million and \$273.8 million, respectively, of future taxable income in order to realize its deferred tax assets.

The Company's foreign subsidiaries may generate earnings that are not subject to U.S. income taxes so long as they are permanently reinvested in its operations outside of the U.S. Pursuant to ASC 740-30, undistributed earnings of foreign subsidiaries that are no longer permanently reinvested would become subject to deferred income taxes.

As of March 31, 2022, the Company projects that its Canadian subsidiary will have generated approximately \$6.2 million in undistributed earnings by the end of 2022. The Company's management expects that all of the undistributed earnings will be repatriated back to the United States within the next 12 months. The Company formed the Canadian subsidiary in 2018 without significant capital investment, the majority of the undistributed earnings was expected to be repatriated as dividends to the United States at the United States-Canada treaty rate of 5%. As a result, the Company accrued a deferred tax liability of \$0.3 million related to its investment in Canada for its outside basis difference as of March 31, 2022.

As of each of March 31, 2022 and 2021, the Company provided for a total liability of \$3.0 million, of which \$1.9 million for the period ended March 31, 2022, compared to \$1.8 million for the corresponding period in 2021, related to discontinued operations, for unrecognized tax benefits related to various federal, foreign and state income tax matters, which were included in long-term liabilities of discontinued operations and other long-term liabilities. If recognized, the entire amount of the liability would affect the effective tax rate. As of March 31, 2022, the Company accrued approximately \$1.4 million, of which \$0.9 million related to discontinued operations, in both other long-term liabilities of discontinued operations and other long-term liabilities for potential payment of interest and penalties related to uncertain income tax positions.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted and signed into U.S. law to provide economic relief to individuals and businesses facing economic hardship as a result of the COVID-19 pandemic. The Company has incorporated the impact of the CARES Act to the tax provision. In addition, the Company deferred payments of federal employer payroll taxes of approximately \$4.9 million, as permitted by the CARES Act. The first half of the deferred amounts were paid in December 2021, and the second half will be paid by December 2022.

NOTE 8—DEBT

The following table provides information about the Company's debt, net of unamortized deferred financing costs:

| (in thousands) | March 31, 2022 | December 31, 2021 |
|---|----------------|-------------------|
| Short-term borrowings | \$ - | \$ 676 |
| Term loan, current portion of long-term debt | 1,050 | 1,050 |
| Current debt | \$ 1,050 | \$ 1,726 |
| Term loan, noncurrent portion of long-term debt | \$ 32,637 | \$ 32,900 |
| Debt discount | (741) | (791) |
| Unamortized deferred financing costs | (1,668) | (1,781) |
| Long-term debt, net | \$ 30,228 | \$ 30,328 |
| Total debt, net | \$ 31,278 | \$ 32,054 |

Debt Refinancing

On December 16, 2020 (the "Closing Date"), the Company and certain of its subsidiaries refinanced and replaced its prior revolving credit facility and term loan facility and entered into (i) the Term Loan Agreement (as defined below), which provided for senior secured term loan facilities in an aggregate principal amount of up to \$50.0 million (collectively, the "Term Loan"), consisting of a \$35.0 million closing date term loan facility (the "Closing Date Term Loan") and up to \$15.0 million of borrowings under a delayed draw facility (the "Delayed Draw Term Loan Facility") with EICF Agent LLC, as agent, and CION Investment Corporation, as a lender and a co-lead arranger, and the other lenders party thereto; and (ii) a senior secured asset-based revolving line of credit of up to \$30.0 million (the "Revolving Credit Facility") with PNC Bank, National Association ("PNC"). In connection with the refinancing, the Company repaid the outstanding balance of the prior facilities and all interest

in full.

As of March 31, 2022, the Company had no outstanding debt under the Revolving Credit Facility and \$33.7 million outstanding (including both the noncurrent and current portion of the Term Loan) under the Term Loan. As of March 31, 2022, the Company was in compliance with all debt covenants.

The Revolving Credit Facility

On the Closing Date, the Company and certain of its subsidiaries (the “Revolving Loan Borrowers”) entered into the Revolving Credit and Security Agreement with PNC, as agent for the lenders, and the lenders party thereto (the “Revolving Credit Agreement”), which provides for the Revolving Credit Facility. As part of the Revolving Credit Facility, the Company may access a letter of credit sublimit in an amount up to \$2.0 million, a swing loan sublimit in an aggregate principal amount of up to \$3.0 million, and a Canadian dollar sublimit in an aggregate principal amount of up to \$5.0 million. The Revolving Credit Agreement matures on December 16, 2025.

Borrowings under the Revolving Credit Facility bear interest, at the Company’s election, at either (1) the base commercial lending rate of PNC, as publicly announced, plus 1.25%, payable in cash on a monthly basis, (2) the 30, 60 or 90 day LIBOR rate, subject to a minimum LIBOR floor of 1.00%, plus 2.25%, payable in cash on the last day of each interest period, or (3) with respect to Canadian dollar loans, the Canadian Dollar Offered Rate (“CDOR”), subject to a minimum CDOR rate of 1.00%, payable in cash on a monthly basis. In addition, upon the occurrence of an event of default, and for so long as such event of default continues, default interest equal to 2.00% per year in excess of the rate otherwise applicable will be payable. The Revolving Credit Agreement also includes customary replacement provisions in the event of the discontinuation of LIBOR.

The Revolving Loan Borrowers’ Obligations (as defined in the Revolving Credit Agreement) are guaranteed by certain of the Company’s material, wholly-owned subsidiaries, subject to customary exceptions (the “Revolving Loan Guarantors” and, together with the Revolving Loan Borrowers, the “Revolving Loan Credit Parties”). The Revolving Loan Credit Parties’ obligations are secured by first-priority security interests on substantially all of the Revolving Loan Credit Parties’ accounts and a second-priority security interest in substantially all other assets of the Revolving Loan Credit Parties, subject to the terms of the Intercreditor Agreement between PNC and EICF Agent LLC, as the Revolving Loan Agent and the Term Loan Agent, respectively (as each such term is defined in the Intercreditor Agreement), as described below (the “Intercreditor Agreement”).

The Revolving Loan Borrowers may from time to time voluntarily prepay outstanding amounts, plus any accrued but unpaid interest on the aggregate amount being prepaid, under the Revolving Credit Facility, in whole or in part. There is no required minimum prepayment amount. If at any time the amount outstanding under the Revolving Credit Agreement exceeds the borrowing base, or any sublimit, in effect at such time, the excess amount will be immediately due and payable. Subject to the Intercreditor Agreement, the Revolving Credit Agreement also requires mandatory prepayment of outstanding amounts in the event the Revolving Loan Borrowers receive proceeds from certain events and activities, including, among others, certain asset sales and casualty events, the issuance of indebtedness and equity interests, and the recovery of any proceeds from certain specified arbitration proceedings.

The Revolving Credit Agreement provides for (1) a closing fee of \$0.2 million, which was paid on the Closing Date, (2) a customary unused line fee equal to 0.25% per year on the unused portion of the Revolving Credit Facility, which is payable on a quarterly basis, and (3) a collateral monitoring fee of \$2,500, which is payable on a monthly basis. The Revolving Credit Agreement also provides for an early termination fee (the “Early Termination Fee”), payable to the revolving lenders thereunder upon (1) any acceleration of the Obligations and termination of the Revolving Credit Agreement and the obligation of the revolving lenders to make advances thereunder following the occurrence of an Event of Default (as defined in the Revolving Credit Agreement), or (2) any other termination of the Revolving Credit Agreement and the obligation of revolving lenders to make advances thereunder for any reason (the “Early Termination Date”). The Early Termination Fee is calculated as follows: if the Early Termination Date occurred on or prior to the first anniversary of the Closing Date, the Early Termination Fee would have been 2.00% of the Revolving Credit Facility; and if prepayment occurs after the first anniversary of the Closing Date and on or prior to the second anniversary of the Closing Date, the Early Termination Fee will be 1.00% of the Revolving Credit Facility. While any letter of credit is outstanding under the Revolving Credit Facility, the Revolving Loan Borrowers must pay a letter of credit fronting fee at a rate equal to 0.25% per year, payable quarterly, in addition to any other customary fees required by the issuer of the letter of credit.

The Revolving Credit Agreement contains customary representations and warranties, as well as customary affirmative and negative covenants, in each case, with certain exceptions, limitations and qualifications. The Revolving Credit Agreement also requires the Revolving Loan Borrowers to regularly provide certain financial information to the lenders thereunder, maintain a

springing minimum fixed charge coverage ratio, and comply with certain limitations on capital expenditures.

Events of default under the Revolving Credit Agreement include, but are not limited to, a breach of certain covenants or any representations or warranties, failure to timely pay any amounts due and owing, the commencement of any bankruptcy or other insolvency proceeding, judgments in excess of certain acceptable amounts, the occurrence of a change in control, certain events related to ERISA matters, impairment of security interests in collateral or invalidity of guarantees or security documents, or a default or event of default under the Term Loan Agreement or the Intercreditor Agreement, in each case, with customary exceptions, limitations, grace periods and qualifications. If an event of default occurs, the revolving lenders may, among other things, declare all Obligations outstanding under the Revolving Credit Facility to be immediately due and payable, together with accrued interest and fees, and exercise remedies under the collateral documents relating to the Revolving Credit Agreement.

EICF Agent LLC, as the Term Loan Agent, and PNC, as the Revolving Loan Agent, entered into an Intercreditor Agreement, dated as of the Closing Date, to which the Term Loan Credit Parties (as defined below) and Revolving Loan Credit Parties consented. The Intercreditor Agreement, among other things, specifies the relative lien priorities of the Term Loan Agent and Revolving Loan Agent in the relevant collateral, and contains customary provisions regarding, among other things, the rights of the Term Loan Agent and Revolving Loan Agent to take enforcement actions against the relevant collateral and certain limitations on amending the documentation governing each of the Term Loan and Revolving Credit Facility.

The Term Loan

On the Closing Date, the Company and certain of its subsidiaries (the “Term Loan Borrowers”) entered into the Term Loan, Guarantee and Security Agreement with EICF Agent LLC, as agent for the lenders, CION Investment Corporation, as a lender and co-lead arranger, and the other lenders party thereto (the “Term Loan Agreement”), which provides for the Term Loan. The Closing Date Term Loan was fully drawn on the Closing Date, while the Delayed Draw Term Loan Facility is available upon the satisfaction of certain conditions precedent for up to 18 months following the Closing Date. The Term Loan Agreement matures on December 16, 2025.

Borrowings under the Term Loan Agreement bear interest at LIBOR, plus a margin of 8.50% (if the Total Leverage Ratio (as defined in the Term Loan Agreement) is less than 2.50:1) or 9.00% per year (if the Total Leverage Ratio is greater than or equal to 2.50:1), subject to a minimum LIBOR floor of 1.00%, payable in cash on a quarterly basis. In addition, upon the occurrence of an event of default, and for so long as such event of default continues, default interest equal to 2.00% per year in excess of the rate otherwise applicable will be payable. The Term Loan Agreement also includes customary replacement provisions in the event of the discontinuation of LIBOR.

The Term Loan Borrowers’ Obligations (as defined in the Term Loan Agreement) are guaranteed by certain of the Company’s material, wholly-owned subsidiaries, subject to customary exceptions (the “Term Loan Guarantors” and, together with the Term Loan Borrowers, the “Term Loan Credit Parties”). The Term Loan Credit Parties’ obligations are secured by first-priority security interests on substantially all of the Term Loan Credit Parties’ assets, as well as a second-priority security interest on the Term Loan Credit Parties’ accounts receivable and inventory, subject to the Intercreditor Agreement.

Subject to certain conditions, the Term Loan Borrowers may voluntarily prepay the Term Loan on any Payment Date (as defined in the Term Loan Agreement), in whole or in part, in a minimum amount of \$1.0 million of the outstanding principal amount, plus a prepayment fee (the “Prepayment Fee”), calculated as follows: if prepayment occurred prior to the first anniversary of the Closing Date, the Prepayment Fee would have been 3.00% of the principal amount being prepaid; if prepayment occurs on or after the first anniversary of the Closing Date and prior to the second anniversary of the Closing Date, the Prepayment Fee will be 2.00% of the principal amount being prepaid; and if prepayment occurs on or after the second anniversary of the Closing Date and prior to the third anniversary of the Closing Date, the Prepayment Fee will be 1.00% of the principal amount being prepaid.

[Table of Contents](#)

Subject to certain exceptions, within 120 days of the end of each calendar year, beginning with the year ended December 31, 2021, the Term Loan Borrowers must prepay the Obligations in an amount equal to (1) (i) if the Total Leverage Ratio is greater than 3:00:1:00, 50.0% of Excess Cash Flow (as defined in the Term Loan Agreement) or (ii) if the Total Leverage Ratio is equal to or less than 3:00:1:00 and greater than 2:00:1:00, 25.0% of Excess Cash Flow, less (2) all voluntary prepayments made on the Term Loan during such calendar year; provided that, so long as no default or event of default has occurred and is continuing or would result therefrom, no such prepayment will be required unless Excess Cash Flow for such calendar year equals or exceeds \$0.5 million. The Company was not required to prepay any Obligations for the year ended December 31, 2021. The Term Loan Agreement also requires mandatory prepayment of certain amounts in the event the Term Loan Borrowers receive proceeds from certain events and activities, including, among others, certain asset sales and casualty events, the issuance of indebtedness and equity interests, and the receipt of extraordinary receipts (with certain exclusions), plus, in certain instances, the applicable Prepayment Fee, calculated as set forth above.

The Term Loan Agreement contains customary representations and warranties, as well as customary affirmative and negative covenants, in each case, with certain exceptions, limitations and qualifications. The Term Loan Agreement also requires the Term Loan Borrowers to regularly provide certain financial information to the lenders thereunder, maintain a maximum total leverage ratio and a minimum fixed charge coverage ratio, and comply with certain limitations on capital expenditures.

Events of default under the Term Loan Agreement include, but are not limited to, a breach of certain covenants or any representations or warranties, failure to timely pay any amounts due and owing, the commencement of any bankruptcy or other insolvency proceeding, judgments in excess of certain acceptable amounts, the occurrence of a change in control, certain events related to ERISA matters, impairment of security interests in collateral or invalidity of guarantees or security documents, or a default or event of default under the Revolving Credit Agreement or the Intercreditor Agreement, in each case, with customary exceptions, limitations, grace periods and qualifications. If an event of default occurs, the Term Loan lenders may, among other things, declare all Obligations to be immediately due and payable, together with accrued interest and fees, and exercise remedies under the collateral documents relating to the Term Loan Agreement.

Letters of Credit and Bonds

In line with industry practice, the Company is often required to provide letters of credit and payment and performance surety bonds to customers. These letters of credit and bonds provide credit support and security for the customer if the Company fails to perform its obligations under the applicable contract with such customer.

The Revolving Credit Facility provides for a letter of credit sublimit in an amount up to \$2.0 million. As of March 31, 2022, the Company had \$0.5 million letters of credit outstanding under this sublimit and \$0.4 million cash collateralized standby letters of credit outstanding pursuant to its prior revolving credit facility with Wells Fargo Bank, National Association. There were no amounts drawn upon these letters of credit as of March 31, 2022.

In addition, as of March 31, 2022 and December 31, 2021, the Company had outstanding payment and performance surety bonds of \$64.6 million and \$67.6 million, respectively.

Deferred Financing Costs and Debt Discount:

Deferred financing costs and debt discount is amortized over the terms of the related debt facilities using the straight-line method. The following table summarizes the amortization of deferred financing costs and debt discount related to the Company's debt facilities and recognized in interest expense on the unaudited condensed consolidated statements of operations:

| (in thousands) | Three Months Ended March 31, | |
|----------------------------|------------------------------|--------|
| | 2022 | 2021 |
| Term loan | \$ 113 | \$ 113 |
| Debt discount on term loan | 50 | 50 |
| Revolving credit facility | 95 | 95 |
| Total | \$ 258 | \$ 258 |

The following table summarizes unamortized deferred financing costs and debt discount included on the Company's unaudited condensed consolidated balance sheets:

| (in thousands) | Location | March 31, 2022 | | December 31, 2021 | |
|----------------------------|------------------------|-----------------------|-------|--------------------------|-------|
| Term loan | Long-term debt, net | \$ | 1,668 | \$ | 1,781 |
| Debt discount on term loan | Long-term debt, net | | 741 | | 791 |
| Revolving credit facility | Other long-term assets | | 1,414 | | 1,509 |
| Total | | \$ | 3,823 | \$ | 4,081 |

NOTE 9—FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

ASC 820—Fair Value Measurement defines fair value as the exit price, which is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-tier fair value hierarchy, which categorizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The Company's financial instruments as of March 31, 2022 and December 31, 2021 consisted primarily of cash and cash equivalents, restricted cash, receivables, payables, and debt instruments. The carrying values of these financial instruments approximate their respective fair values, as they are either short-term in nature or carry interest rates that are periodically adjusted to market rates.

NOTE 10—COMMITMENTS AND CONTINGENCIES

Litigation and Claims

The Company is from time-to-time party to various lawsuits, including personal injury claims and other proceedings that arise in the ordinary course of its business. With respect to all such lawsuits, claims and proceedings, the Company records a reserve when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that the resolution of any currently pending lawsuits, claims and proceedings, either individually or in the aggregate, will have a material adverse effect on its financial position, results of operations or liquidity. However, the outcomes of any currently pending lawsuits, claims and proceedings cannot be predicted, and therefore, there can be no assurance that this will be the case.

The Company completed a bankruptcy filing of its Koontz-Wagner subsidiary on July 11, 2018. This could require the Company to incur legal fees and other expenses related to liabilities from this bankruptcy filing. While the Company does not anticipate these liabilities will have a material adverse effect on its results of operations, cash flows and financial position, and although the statute of limitations has run on certain claims that the Chapter 7 Trustee for the Koontz-Wagner estate might assert, there can be no assurance of the outcome. The filing was for Koontz-Wagner only, not for the Company as a whole, and was completely separate and distinct from the Williams business and operations. For additional information, please refer to "Note 4—Changes in Business" to the unaudited condensed consolidated financial statements.

The acquiror of certain assets from a former operating unit of the Company has been named as a defendant in an asbestos personal injury lawsuit and has submitted a claim for indemnification and tendered defense of the matter to the Company. The Company has assumed defense of the matter subject to a reservation of rights and objection to the claim for indemnification. Neither the Company nor its predecessors ever mined, manufactured, produced, or distributed asbestos fiber, the material that allegedly caused the injury underlying this action. The Company does not expect that this claim will have a material adverse effect on its financial position, results of operations or liquidity. Moreover, during 2012, the Company secured insurance coverage that will help to reimburse the defense costs and potential indemnity obligations of its former operating unit relating to these claims. The Company intends to vigorously defend all currently active actions, and it does not anticipate that this action will have a material adverse effect on its financial position, results of operations or liquidity. However, the outcomes of any legal action cannot be predicted and, therefore, there can be no assurance that this will be the case.

Insurance

The Company maintains insurance coverage for most insurable aspects of its business and operations. The Company's insurance programs, including, but not limited to, health, general liability, and workers' compensation, have varying coverage limits depending upon the type of insurance. For the three months ended March 31, 2022, insurance expense, including insurance premiums related to the excess claim coverage and claims incurred for continuing operations, was \$1.7 million.

The Company's unaudited condensed consolidated balance sheets include amounts representing its probable estimated liability related to insurance-related claims that are known and have been asserted against the Company, and for insurance-related claims that are believed to have been incurred but had not yet been reported as of March 31, 2022. As of March 31, 2022, the Company provided \$0.9 million in letters of credit and \$1.5 million of non-depleting cash collateral as security for possible general liability and workers' compensation claims.

Executive Severance

As of March 31, 2022, the Company had outstanding severance arrangements with senior executives. The Company's maximum commitment under all such arrangements, which would apply if the employees covered by these arrangements were each terminated without cause, was \$5.4 million on March 31, 2022. The Company did not accrue executive severance expenses as of March 31, 2022.

NOTE 11—STOCK-BASED COMPENSATION PLANS

During the first three months of 2022, the Company granted 291,894 service-based restricted stock awards under the 2015 Equity Incentive Plan (as amended and restated, the "2015 Plan"), at a grant date fair value of \$1.85 per share, to its non-employee directors, which vest in full on February 3, 2023.

During the first three months of 2022, the Company granted 362,356 service-based restricted stock units to its employees under the 2022 long-term incentive ("LTI") program and the 2015 Plan at a grant date fair value of \$1.99 per share. These service-based restricted stock units can be paid in cash or shares at the election of the Compensation Committee of the Board of Directors and shall vest in equal annual installments over a period of three years.

During the first three months of 2022, the Company also granted 724,726 performance-based restricted stock units to its employees under the 2022 LTI program and the 2015 Plan at a grant date fair value of \$1.99 per share. The 2022 performance-based restricted stock units have three annual performance periods (fiscal years 2022, 2023 and 2024), with operating income and free cash flow goals (equally weighted) for each year, and threshold performance resulting in awards earned at 50% of the target opportunity and maximum performance resulting in awards earned at 200% of the target. The annual achievement levels are averaged over the three-year performance period and the earned amounts, if any, will vest on March 31, 2025. The three-year average payout level for each performance objective replaces the actual payout level for any fiscal year where the actual payout is less than the three-year average. These performance-based restricted stock units can be paid in cash or shares at the election of the Compensation Committee of the Board of Directors.

During the first three months of 2021, the Company granted 307,616 service-based restricted stock units under the 2021 LTI program and the 2015 Plan at a grant date fair value of \$3.48 per share. These service-based restricted stock units can be paid in cash or shares at the election of the Compensation Committee of the Board of Directors and shall vest in full on March 31, 2024.

During the first three months of 2021, the Company also granted performance-based restricted stock units under the 2021 LTI program and the 2015 Plan with an aggregate cash value of approximately \$2.2 million, which could be paid in cash or shares at the election of the Compensation Committee of the Board of Directors. The 2021 performance-based restricted stock units have three annual performance periods (fiscal years 2021, 2022 and 2023), with operating income and free cash flow goals (equally weighted) for each year, and threshold performance resulting in awards earned at 50% of the target opportunity and maximum performance resulting in awards earned at 200% of the target. The annual achievement levels are averaged over the three-year performance period and the earned amounts, if any, vest on March 31, 2024. These are cash-based awards that were included in other current liabilities on the consolidated balance sheet beginning in April 2021.

The Company previously granted (i) performance-based restricted stock units under the 2016 LTI program, which were scheduled to vest if the Company achieved a per share stock price of \$5.50 for 30 consecutive trading days prior to August 5, 2021, (ii) performance-based restricted stock units under the 2017 LTI program, which were scheduled to vest if the Company

[Table of Contents](#)

achieved a per share stock price of \$6.00 for 30 consecutive trading days prior to March 31, 2021 (pursuant to an extension from the initial vesting date of March 31, 2020, which extension was approved by the Compensation Committee in February 2020), and (iii) performance-based restricted stock units under the 2018 LTI program, which were scheduled to vest if the Company achieved a per share stock price of at least \$5.00 for any period of 30 consecutive trading days prior to June 30, 2021 (collectively, the “LTI Performance Awards”). On March 5, 2021, the Compensation Committee of the Board of Directors extended the performance period for each of the LTI Performance Awards to December 31, 2022. In accordance with ASC Topic 718, “Compensation—Stock Compensation” (“ASC 718”), the Company conducted a lattice valuation model in order to revalue the market price for the LTI Performance Awards at the March 5, 2021 modification date. The 2018 LTI program met the market objective by achieving a per share stock price of \$5.00 for 30 consecutive days, and approximately 195,240 shares will vest for recipients remaining employed through December 31, 2022.

During the first three months of 2021, the Compensation Committee of the Board of Directors approved modifying the 2020 and 2019 performance-based restricted stock units granted in 2020 and 2019. The 2020 and 2019 performance-based restricted stock units did not achieve the 2021 performance objectives. The 2019 performance-based restricted stock units expired because their final performance period was 2021.

During the first three months of 2021, the Company’s management analyzed the probability of achieving the 2022 performance objectives for the 2021 and 2020 performance-based restricted stock units granted in 2021 and 2020 and determined that, after comparing the actual year-to-date results to the forecasted results, it is unlikely the Company will achieve the minimum performance metric for the 2022 performance period. This resulted in a \$0.3 million adjustment for the 2021 performance-based restricted stock units and an entire reversal of \$0.5 million for the 2020 performance-based restricted stock units within the first three months of 2022. The 2020 performance-based restricted stock units will expire after the 2022 performance period and the 2021 performance-based restricted stock units were adjusted to vest at 55% of their original cash value and will be expensed for a total of \$0.9 million until the end of the service requisite period of March 31, 2024.

While the majority of restricted stock units and awards were granted as equity, in accordance with ASC 718, the Company has one cash-based plan that is classified as a liability. The \$0.8 million adjustment and reversal to the 2021 and 2020 performance-based restricted stock units resulted in the Company not having any stock-based compensation expense in the first three months of 2022 compared to \$0.7 million for the same period in 2021. The March 31, 2022 and 2021 stock-based compensation expense was included in general and administrative expenses on the Company’s unaudited condensed consolidated statements of operations.

NOTE 12—OTHER SUPPLEMENTARY INFORMATION

The following table summarizes other current assets included on the Company's unaudited condensed consolidated balance sheets:

| (in thousands) | March 31, 2022 | December 31, 2021 |
|---|-----------------------|--------------------------|
| Sales tax receivable - Canada | \$ 5,382 | 4,866 |
| Unamortized commercial insurance premiums | 1,607 | 2,389 |
| Prepaid expenses | 1,564 | 1,136 |
| Other short-term assets | 2,523 | 2,658 |
| Total | \$ 11,076 | \$ 11,049 |

[Table of Contents](#)

The following table summarizes other current liabilities included on the Company's unaudited condensed consolidated balance sheets:

| (in thousands) | March 31, 2022 | December 31, 2021 |
|----------------------------|----------------|-------------------|
| Accrued job cost | 572 | 2,433 |
| Sales tax payable - Canada | 5,660 | 5,135 |
| Stock Compensation | 1,053 | 938 |
| Short-term lease liability | 1,854 | 1,606 |
| Other accrued liabilities | 1,149 | 905 |
| Total | \$ 10,288 | \$ 11,017 |

The following table summarizes other long-term assets included on the Company's unaudited condensed consolidated balance sheets:

| (in thousands) | March 31, 2022 | December 31, 2021 |
|---------------------------------|----------------|-------------------|
| Equity method investment in RCC | \$ 1,721 | \$ 2,521 |
| Right-of-use lease assets | 3,718 | 1,527 |
| Other long-term assets | 1,559 | 1,664 |
| Total | \$ 6,998 | \$ 5,712 |

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

Cautionary Statement Regarding Forward-Looking Statements

This Form 10-Q and its exhibits contain or incorporate by reference various forward-looking statements that express a belief, expectation or intention or are otherwise not statements of historical fact. Forward-looking statements generally use forward-looking words, such as "may," "will," "could," "should," "would," "project," "believe," "anticipate," "expect," "estimate," "continue," "potential," "plan," "forecast" and other words that convey the uncertainty of future events or outcomes. These forward-looking statements are not guarantees of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. Therefore, our actual outcomes and results may differ materially from those expressed in these forward-looking statements. Investors should not place undue reliance on any of these forward-looking statements. Except as required by law, we undertake no obligation to further update any such statements, or the risk factors described in our 2021 Report under the heading "Part I—Item 1A. Risk Factors," to reflect new information, the occurrence of future events or circumstances or otherwise. The forward-looking statements in this Form 10-Q do not constitute guarantees or promises of future performance. Forward-looking statements may include information concerning the following, among other items:

- our ability to make interest and principal payments on our debt and satisfy the financial and other covenants contained in our debt facilities, as well as our ability to engage in certain transactions and activities due to limitations and covenants contained in such facilities;
- our ability to generate sufficient cash resources to continue funding operations, including investments in working capital required to support growth-related commitments that we make to our customers, and the possibility that we may be unable to obtain any additional funding as needed or incur losses from operations in the future;
- exposure to market risks from changes in interest rates, including changes to or replacement of the LIBOR;
- our ability to obtain adequate surety bonding and letters of credit;
- our ability to maintain effective internal control over financial reporting and disclosure controls and procedures;
- our ability to attract and retain qualified personnel, skilled workers, and key officers;
- failure to successfully implement or realize our business strategies, plans and objectives of management, and liquidity, operating and growth initiatives and opportunities, including any expansion into new markets and our ability to identify potential candidates for, and consummate, acquisition, disposition, or investment transactions;
- the loss of one or more of our significant customers;
- our competitive position;
- market outlook and trends in our industry, including the possibility of reduced investment in, or increased regulation of, nuclear power plants and declines in public infrastructure construction and reductions in government funding, including funding by state and local agencies;
- costs exceeding estimates we use to set fixed-price contracts;

[Table of Contents](#)

- harm to our reputation or profitability due to, among other things, internal operational issues, poor subcontractor performances or subcontractor insolvency;
- potential insolvency or financial distress of third parties, including our customers and suppliers;
- our contract backlog and related amounts to be recognized as revenue;
- our ability to maintain our safety record, the risks of potential liability and adequacy of insurance;
- adverse changes in our relationships with suppliers, vendors, and subcontractors, including increases in cost, disruption of supply or shortage of labor, freight, equipment or supplies, including as a result of the COVID-19 pandemic;
- compliance with environmental, health, safety and other related laws and regulations, including those related to climate change;
- limitations or modifications to indemnification regulations of the U.S.;
- our expected financial condition, future cash flows, results of operations and future capital and other expenditures;
- the impact of general economic conditions, including inflation, ongoing economic disruption, including the effects of the Ukraine-Russia conflict, and a possible recession;
- the impact of the COVID-19 pandemic on our business, results of operations, financial condition, and cash flows, including global supply chain disruptions and the potential for additional COVID-19 cases to occur at our active or future job sites, which potentially could impact cost and labor availability;
- information technology vulnerabilities and cyberattacks on our networks;
- our failure to comply with applicable laws and regulations, including, but not limited to, those relating to privacy and anti-bribery;
- our ability to successfully implement our new enterprise resource planning (ERP) system;
- our participation in multiemployer pension plans;
- the impact of any disruptions resulting from the expiration of collective bargaining agreements;
- the impact of natural disasters, which may worsen or increase due to the effects of climate change, and other severe catastrophic events;
- the impact of corporate citizenship and environmental, social and governance matters;
- the impact of changes in tax regulations and laws, including future income tax payments and utilization of net operating loss and foreign tax credit carryforwards;
- volatility of the market price for our common stock;
- our ability to maintain our stock exchange listing;
- the effects of anti-takeover provisions in our organizational documents and Delaware law;
- the impact of future offerings or sales of our common stock on the market price of such stock;
- expected outcomes of legal or regulatory proceedings and their anticipated effects on our results of operations; and
- any other statements regarding future growth, future cash needs, future operations, business plans and future financial results.

[Table of Contents](#)

These forward-looking statements represent our intentions, plans, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties, and other factors, including unpredictable or unanticipated factors that we have not discussed in this Form 10-Q. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by the forward-looking statements.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. Investors should consider the areas of risk and uncertainty described above, as well as those discussed in the 2021 Report under the heading “Part I—Item 1A. Risk Factors.” Except as may be required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and we caution investors not to rely upon them unduly.

The following discussion provides an analysis of the results of continuing operations, an overview of our liquidity and capital resources and other items related to our business. Unless otherwise specified, the financial information and discussion in this Form 10-Q are as of and for the three months ended March 31, 2022 and are based on our continuing operations; they exclude any results of our discontinued operations. Please refer to “Note 4—Changes in Business” to the unaudited condensed consolidated financial statements included in this Form 10-Q for additional information on our discontinued operations.

This discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in this Form 10-Q and our audited consolidated financial statements and notes thereto included in the 2021 Report.

Backlog

The services we provide are typically carried out under construction contracts, long-term maintenance contracts and master service agreements. Total backlog represents the dollar amount of revenue expected to be recorded in the future for work performed under awarded contracts.

Revenue estimates included in our backlog can be subject to change as a result of project accelerations, cancellations or delays due to various factors, including, but not limited to, the customer’s budgetary constraints and adverse weather. These factors can also cause revenue amounts to be recognized in different periods and at levels other than those originally projected. Additional work that is not identified under the original contract is added to our estimated backlog when we reach an agreement with the customer as to the scope and pricing of that additional work. Backlog is reduced as work is performed and revenue is recognized, or upon cancellation.

Backlog is not a measure defined by GAAP, and our methodology for determining backlog may vary from the methodology used by other companies in determining their backlog amounts. Backlog may not be indicative of future operating results and projects in our backlog may be cancelled, modified, or otherwise altered by our customers. We utilize our calculation of backlog to assist in measuring aggregate awards under existing contractual relationships with our customers. We believe our backlog disclosures will assist investors in better understanding this estimate of the services to be performed pursuant to awards by our customers under existing contractual relationships.

The following tables summarize our backlog:

| (in thousands) | March 31, 2022 | | December 31, 2021 | |
|-----------------------|-----------------------|---------|--------------------------|---------|
| Cost plus | \$ | 197,479 | \$ | 559,417 |
| Lump sum | | 59,477 | | 72,276 |
| Total | \$ | 256,956 | \$ | 631,693 |

| (in thousands) | Three Months Ended March 31, 2022 | |
|------------------------------------|--|-----------|
| Backlog - beginning of period | \$ | 631,693 |
| New awards | | 38,293 |
| Adjustments and cancellations, net | | (343,471) |
| Revenue recognized | | (69,559) |
| Backlog - end of period | \$ | 256,956 |

Total backlog as of March 31, 2022 was \$257.0 million, compared with \$631.7 million on December 31, 2021, a decrease of \$374.7 million, which was primarily driven by the loss of a multi-year contract within the nuclear decommissioning market in

[Table of Contents](#)

February 2022, contributing to a loss of approximately \$361.0 million in backlog for the years 2022 through 2029. Our nuclear and water markets also contributed to a \$14.6 million decrease in backlog. We estimate that \$139.0 million, or 54.1% of total backlog on March 31, 2022, will be converted to revenue within the next twelve months and \$121.8 million, or 47.4% of total backlog, will be converted to revenue within the remainder of the fiscal year. As of December 31, 2021, we estimated that approximately \$157.2 million of our year-end backlog, as adjusted for the loss of the multi-year contract in February 2022, would be converted to revenue during 2022. Please refer to Item 1, Business under “Backlog” and “Note 17—Subsequent Events” included in the 2021 Report for additional information.

Results of Operations

The following summary and discussion of our results of operations is based on our continuing operations and excludes any results of our discontinued operations:

| <u>(in thousands)</u> | Three Months Ended March 31, | |
|---|-------------------------------------|-------------|
| | 2022 | 2021 |
| Revenue | \$ 69,559 | \$ 60,851 |
| Cost of revenue | 63,850 | 54,753 |
| Gross profit | 5,709 | 6,098 |
| Selling and marketing expenses | 330 | 211 |
| General and administrative expenses | 6,071 | 6,311 |
| Depreciation and amortization expense | 66 | 41 |
| Total operating expenses | 6,467 | 6,563 |
| Operating loss | (758) | (465) |
| Interest expense, net | 1,219 | 1,293 |
| Other income, net | (179) | (360) |
| Loss from continuing operations before income tax | (1,798) | (1,398) |
| Income tax expense | 229 | 185 |
| Loss from continuing operations | \$ (2,027) | \$ (1,583) |

Revenue for the three months ended March 31, 2022 increased \$8.7 million, or 14.3%, compared with the corresponding period in 2021. This increase was primarily related to growth in the nuclear markets with several key customers, which accounted for \$8.9 million of the increase. These increases were also supplemented by incremental revenue of \$6.3 million in the water markets. Revenue growth in the nuclear and water markets was partially offset by \$4.2 million of reduced revenue as the Company exited the Canadian nuclear market. Additionally, revenue generated in the decommissioning market declined by \$4.0 million resulting from the loss of a contract.

Gross profit for the three months ended March 31, 2022 decreased by \$0.4 million, or 6.4%, compared with the corresponding period in 2021, while gross margin declined to 8.2% from 10.0%. The decrease in gross profit reflects start-up costs relating to our entry into the energy transmission and distribution markets and the impact of certain lump sum projects in the water markets for which we currently earn revenue without recognizing any profit. We recorded a loss on these projects in the third quarter of 2021 and currently anticipate that these projects will continue to generate revenues with no associated profits until completion within the fourth quarter of 2022. Excluding the impact relating to start-up costs in the energy transmission and distribution markets and the non-profitable lump sum projects in the water market, the Company would have realized a gross margin of 10.5% rather than 8.2%.

Operating losses for the three months ended March 31, 2022 increased by \$0.3 million, or 63.0%, compared with the corresponding period in 2021. These increased losses were due to a decrease in gross profit and partially offset by decreased operating expenses primarily resulting from lower general and administrative expenses.

General and Administrative Expenses

| <u>(in thousands)</u> | Three Months Ended March 31, | |
|----------------------------------|-------------------------------------|-------------|
| | 2022 | 2021 |
| Employee-related expenses | \$ 3,056 | \$ 3,532 |
| Stock-based compensation expense | (31) | 715 |
| Professional fees | 1,651 | 910 |
| Other expenses | 1,395 | 1,154 |
| Total | \$ 6,071 | \$ 6,311 |

Total general and administrative expenses for the three months ended March 31, 2022 decreased \$0.2 million, or 3.8%, compared with the corresponding period in 2021. The decrease was largely driven by a decrease in compensation expenses of \$1.2 million. This decrease was partially offset by an increase of \$0.7 million in professional fees relating to an ongoing legal matter.

Total Other Expense, Net

| (in thousands) | Three Months Ended March 31, | |
|-----------------------|------------------------------|----------|
| | 2022 | 2021 |
| Interest expense, net | \$ 1,219 | \$ 1,293 |
| Other income, net | (179) | (360) |
| Total | \$ 1,040 | \$ 933 |

Total other expense, net, for the three months ended March 31, 2022 increased \$0.1 million, or 11.5%, compared with the corresponding period in 2021. The increase was primarily due to a \$0.2 million decrease in other income relating to profits associated with a joint venture in the nuclear market. This was partially offset by a decline in interest expense of \$0.1 million resulting from reduced debt levels.

Income Tax Expense

| (in thousands) | Three Months Ended March 31, | |
|--------------------|------------------------------|--------|
| | 2022 | 2021 |
| Income tax expense | \$ 229 | \$ 185 |

Income tax expense for the interim periods is based on estimates of the effective tax rate for the entire fiscal year. The effective income tax rate is based upon the estimated income during the calendar year, the estimated composition of the income in different jurisdictions and discrete adjustments, if any, in the applicable quarterly periods for settlements of tax audits or assessments and the resolution or identification of tax position uncertainties.

For the three months ended March 31, 2022, the Company recorded income tax expense from continuing operations of \$0.2 million, or (12.7)% of pretax loss from continuing operations, compared with income tax expense from continuing operations of \$0.2 million, or (13.3)% of pretax loss from continuing operations, in the corresponding period of 2021. The \$44,000 increase in income tax provision from continuing operations for the three months ended March 31, 2022, compared with the corresponding period in 2021 was primarily the result of the Canadian pre-tax book income.

Discontinued Operations

See “Note 4—Changes in Business” to the unaudited condensed consolidated financial statements included in this Form 10-Q for information regarding discontinued operations.

Liquidity and Capital Resources

During the three months ended March 31, 2022, our principal sources of liquidity were borrowings under the Revolving Credit Facility and effective management of our working capital. Our principal uses of cash were to pay for customer contract-related material, labor and subcontract labor, operating expenses, and interest expense on the Term Loan and the Revolving Credit Facility. See discussion in “Note 8—Debt” to the unaudited condensed consolidated financial statements included in this Form 10-Q for additional information about the Term Loan and the Revolving Credit Facility.

Net Cash Flows

Our net consolidated cash flows, including cash flows related to discontinued operations, consisted of the following:

| (in thousands) | Three Months Ended March 31, | |
|--|------------------------------|------------|
| | 2022 | 2021 |
| Cash flows provided by (used in): | | |
| Operating activities | \$ 2,516 | \$ (3,121) |
| Investing activities | — | (56) |
| Financing activities | (939) | (5) |
| Effect of exchange rate changes on cash | 201 | (90) |
| Net change in cash, cash equivalents and restricted cash | \$ 1,778 | \$ (3,272) |

Cash and Cash Equivalents

As of March 31, 2022, our operating unrestricted cash and cash equivalents increased \$1.8 million to \$4.3 million from \$2.5 million as of December 31, 2021. As of March 31, 2022, \$0.1 million of operating cash was held in U.S. bank accounts and

\$4.2 million was held in Canada. Total liquidity (the sum of unrestricted cash and availability under the Revolving Credit Facility) was \$26.1 million at the end of the first quarter of 2022.

Operating Activities

Cash flows from operating activities result primarily from earnings sources and are affected by changes in operating assets and liabilities, which consist primarily of working capital balances related to our projects. For the three months ended March 31, 2022, cash provided by operating activities totaled \$2.6 million, an increase in cash provided of \$5.6 million compared to the corresponding period in 2021, primarily due to a decrease in accounts receivable of \$1.7 million and an increase in accounts payable of \$4.2 million. This increase in cash provided was partially offset by an increase in other assets of \$1.4 million.

Investing Activities

Cash flows from investing activities were insignificant for the three months ended March 31, 2022, consistent with the corresponding period in 2021.

Financing Activities

For the three months ended March 31, 2022, net cash used in financing activities of \$0.9 million was primarily composed of cash used by our repayments from customer cash receipts exceeding our borrowings under the Revolving Credit Facility by \$0.7 million, coupled with a \$0.3 million payment on our Term Loan.

During the three months ended March 31, 2021, net cash used in financing activities was primarily due to cash used in connection with our stock-based awards for payments for statutory taxes of \$0.5 million, partially offset by cash provided from our borrowings under the Revolving Credit Facility exceeding our repayments from customer cash receipts by \$0.8 million.

Effect of Exchange Rate Changes on Cash

For both the three months ended March 31, 2022 and 2021, the effect of Canadian foreign exchange rate changes on our cash balances was not material.

Dividends

We do not currently anticipate declaring dividends in the near future. As of March 31, 2022, the terms of the Term Loan and Revolving Credit Facility restricted our ability to pay dividends. In addition, the timing and amounts of any dividends would be subject to determination and approval by our Board of Directors.

Liquidity Outlook

Overall, while we anticipate we will experience periodic short-term constraints on our liquidity as a result of the cash flow requirements of specific projects through the third quarter 2022, we expect our liquidity situation to have stabilized at an improved level by the fourth quarter of 2022. Such constraints on our liquidity could affect our ability to remain in compliance with our debt covenants, as we make investments in our business, in which case, we may need to seek an amendment to or waiver of certain relevant financial covenants under our credit facilities. We expect to maintain sufficient liquidity by managing our expenses and borrowing and repayments of our Revolving Credit Facility. A high percentage of our cost of service comes from weekly craft labor payrolls, and the lag between incurrence of those payrolls and the subsequent collection of the resulting customer billings results in negative cash flows for that time period. Although we utilize the Revolving Credit Facility to address those time period negative cash flows, contract terms restricting customer invoicing frequency, delays in customer payments, and underlying surety bonds negatively impact our available borrowing base. We believe that we have sufficient resources to satisfy our working capital requirements through the next 12 months and our long-term liquidity needs and foreseeable material cash requirements, as we strategically use our \$30.0 million borrowing availability under our Revolving Credit Facility and continue to implement our future growth initiatives. A variety of factors can affect our short- and long-term liquidity, which impact could be material, including, but not limited to: cash for operations; matters relating to our contracts, including contracts billed based on milestones that may require us to incur significant expenditures prior to collections from our customers and others that allow for significant upfront billing at the beginning of a project, which temporarily increases liquidity in the near term; the outcome of potential contract disputes, which may be significant; payment collection issues, including those caused by economic slowdowns or other factors which can lead to credit deterioration of our customers; required payments on the Term Loan and the Revolving Credit Facility and on our operating and finance leases; pension

obligations requiring annual contributions to multiemployer pension plans; insurance coverage for contracts that require us to indemnify third parties; and issuances of letters of credit. We believe that we have adequate sources of liquidity to meet our long-term liquidity needs of developing key management and craft personnel, enhancing our services to meet new opportunities and obtaining the amount of capital needed to drive our long-term growth initiatives of attracting new customers and expanding our market reach. In the event that we are unable to address any potential liquidity shortfalls that may arise in the future, management will need to seek additional funding, which may not be available on reasonable terms, if at all.

While we do not expect the COVID-19 pandemic to materially adversely affect us, we currently cannot predict the ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows, or on our customers, as such impact is dependent on future developments, including the duration and severity of the pandemic and the related length of its impact on the global economy. Management will continue to closely monitor conditions using the data available and will draw on the expertise of health officials. Any recovery from the COVID-19 pandemic and related economic impact may be slowed or reversed by a number of factors, including the continued sporadic outbreaks of COVID-19 cases, the ongoing spread of new COVID-19 variants and the impact of COVID-19 vaccines and treatments, and even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of the pandemic's global economic impact.

Off-Balance Sheet Transactions

Our liquidity is currently not dependent on the use of off-balance sheet transactions but, in line with industry practice, we are often required to provide payment and performance surety bonds to customers and may be required to provide letters of credit. If performance assurances are extended to customers, generally our maximum potential exposure is limited in the contract with our customers. We frequently obtain similar performance assurances from third-party vendors and subcontractors for work performed in the ordinary course of contract execution. However, the total costs of a project could exceed our original cost estimates, and we could experience reduced gross profit or possibly a loss for a given project. In some cases, if we fail to meet certain performance standards, we may be subject to contractual liquidated damages.

As of March 31, 2022, we had a contingent liability for issued and outstanding standby letters of credit, generally issued to secure performance on customer contracts. As of March 31, 2022, we had \$0.5 million outstanding letters of credit under the Revolving Credit Facility sublimit and \$0.4 million of outstanding cash collateralized standby letters of credit pursuant to a prior revolving credit facility with Wells Fargo Bank, National Association, and there were no amounts drawn upon these letters of credit. In addition, as of March 31, 2022, we had outstanding surety bonds of \$64.6 million. Our subsidiaries also provide financial guarantees for certain contractual obligations in the ordinary course of business.

Critical Accounting Policies and Use of Estimates

There have been no material changes to our critical accounting policies as set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our 2021 Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Disclosure controls and procedures are those controls and procedures that are designed to ensure 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 SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company's management, under the supervision of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Form 10-Q. Solely as a result of the material weakness described below, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2022, our disclosure controls and procedures were not effective. However, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that, notwithstanding the identified material weakness in our internal control over financial reporting, the financial statements in this Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Material Weakness in Internal Control Over Financial Reporting

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, we identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We have determined that we did not design and maintain effective user access controls to adequately restrict user access and the ability to modify financial data within certain financial applications, including ensuring appropriate segregation of duties relating to the preparation and review of journal entries in these financial applications. This control deficiency did not result in a misstatement of the Company's annual or interim consolidated financial statements. However, this control deficiency could have resulted in misstatements of interim or annual consolidated financial statements and disclosures that may have been material. Therefore, management has concluded that: (1) this control deficiency constitutes a material weakness; and (2) in turn, the Company did not maintain effective internal control over financial reporting as of March 31, 2022.

Management's Plan to Remediate the Material Weakness

Management has evaluated the material weakness described above and is in the process of updating its design and implementation of internal control over financial reporting to remediate the aforementioned material weakness and enhance the Company's internal control environment. However, the implemented and enhanced controls have not operated for a sufficient period of time to demonstrate that the material weakness was remediated as of March 31, 2022. We are committed to continuing to improve our internal control processes and will continue to diligently and vigorously review our financial reporting controls and procedures.

Changes in Internal Control over Financial Reporting

Under the applicable SEC rules, management is required to evaluate any changes in internal control over financial reporting that occurred during each fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Other than the changes described above regarding enhancements associated with ongoing remediation efforts, there were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In addition, we are engaged in a transformation project to upgrade our ERP system to a cloud-based platform to increase efficiency, provide additional process capabilities and enhance information security. We currently expect this upgrade to be completed in early 2023.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information included under “Litigation and Claims” in “Note 10—Commitments and Contingencies” to the unaudited condensed consolidated financial statements in this Form 10-Q is incorporated by reference into this Item.

Item 1A. Risk Factors.

Our business faces significant risks and uncertainties. Certain important factors may have a material adverse effect on our business prospects, financial condition, and results of operations, and you should carefully consider them. There have not been any material changes to our risk factors from those reported in our 2021 Report.

Item 6. Exhibits.

| <u>Exhibit</u> | <u>Description</u> |
|----------------|--|
| 10.1* | Form of Restricted Shares Award Agreement (Non-Employee Directors) (2022) (filed as Exhibit 10.23 to our Form 10-K filed with the SEC on March 16, 2022 and incorporated herein by reference). |
| 10.2* | Form of Time-Based Restricted Share Unit Agreement (2022). ◆ |
| 10.3* | Form of Performance-Based Restricted Share Unit Agreement (2022). ◆ |
| 31.1 | Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ◆ |
| 31.2 | Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ◆ |
| 32.1 | Certification by the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). |
| 32.2 | Certification by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). |
| 101 | The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Income; (iv) Condensed Consolidated Statements of Stockholders’ Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.◆ |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).◆ |

◆ Filed herewith.

* Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

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

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

Date: May 12, 2022

By: /s/ DAMIEN A. VASSALL
Damien A. Vassall
Vice President, Chief Financial Officer
(Duly authorized officer and principal financial and accounting officer of
the registrant)



EXHIBIT 10.2

**WILLIAMS INDUSTRIAL SERVICES GROUP INC.
TIME-BASED RESTRICTED SHARE UNIT AGREEMENT**

Notice of Restricted Share Unit Award

Williams Industrial Services Group Inc. (the “Company”) grants to the Grantee named below, in accordance with the terms of the Williams Industrial Services Group Inc. 2015 Equity Incentive Plan (the “Plan”) and this Time-Based Restricted Share Unit Agreement (the “Agreement”), the number of Restricted Share Units set forth below, as of the Date of Grant set forth below. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan.

| | |
|-----------------------------------|--|
| Name of Grantee: | [•] |
| Date of Grant: | March 31, 2022 |
| Number of Restricted Share Units: | [•] |
| Vesting Dates: | March 31, 2023, March 31, 2024, and March 31, 2025 |

Terms of Agreement

1. Grant of Restricted Share Units. Subject to and upon the terms, conditions, and restrictions set forth in this Agreement and in the Plan, the Company hereby grants to the Grantee as of the Date of Grant, the Restricted Share Units set forth above. Each Restricted Share Unit shall represent the contingent opportunity to receive one Share or a cash payment and generally shall be equal in value to one Share, subject to the provisions below. The Restricted Share Units shall be credited in a book entry account established for the Grantee until payment in accordance with Section 4 hereof (or forfeiture in accordance with Section 3 hereof).

2. Vesting of Restricted Share Units.

(a) In General. Subject to the Grantee’s compliance with the restrictions of Section 8 hereof, or the terms of the Restrictive Covenants Agreement (as defined in Section 8) or of any separately executed covenant not to compete with the Company, as applicable:

(i) Restricted Share Units. The number of Restricted Share Units set forth above shall vest in three equal installments on each of the applicable Vesting Dates set forth above, provided that the Grantee shall have remained in the continuous employ of the Company or a Subsidiary through such Vesting Dates.

(ii) Continuous Employment. For purposes of this Section 2, the continuous employment of the Grantee with the Company and its Subsidiaries shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company and its Subsidiaries, by reason of the transfer of his or her employment among the Company and its Subsidiaries.



(b) Involuntary Termination or Termination for Good Reason. If, prior to a Vesting Date, the Grantee's employment with the Company or a Subsidiary is terminated (x) by the Company or a Subsidiary without Cause (as defined in the Plan) or by reason of the Grantee's Disability (as defined in the long-term disability plan of the Company or a Subsidiary applicable to the Grantee), (y) by the Grantee for Good Reason (as defined in the Plan), or (z) as a result of the Grantee's death, then, except as otherwise provided in paragraph (c) below and provided that, within forty-five (45) days after such termination, the Grantee (or the Grantee's estate, beneficiary or other successor) shall have executed and delivered a release of claims in a form provided by the Company and such release of claims shall have become effective and irrevocable in accordance with its terms, the Grantee shall become vested in a prorated portion of the Restricted Share Units equal to (i) the number of Restricted Share Units that would have become vested under this Agreement had the Grantee remained continuously employed with the Company or a Subsidiary through the Vesting Date immediately following the date on which the Grantee's employment terminated, multiplied by (ii) a fraction based on the number of days of Grantee's continuous employment with the Company or a Subsidiary during the applicable vesting tranche.

(c) Change in Control. The provisions of Section 21 of the Plan shall apply in the event of a Change in Control.

3. Forfeiture of Restricted Share Units.

(a) Forfeiture of Unvested Award. The Restricted Share Units that have not yet vested pursuant to Section 2 (and any right to unpaid Dividend Equivalents under Section 7 with respect to the Restricted Share Units), shall be forfeited automatically without further action or notice if (i) the Grantee ceases to be employed by the Company or a Subsidiary prior to a Vesting Date, except as otherwise provided in Section 2(b) or 2(c), or (ii) the Grantee breaches any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement or of any separately executed covenant not to compete with the Company, as applicable.

(b) Repayment of Award. The Restricted Share Units shall be subject to the provisions of Section 20 of the Plan regarding forfeiture and repayment of awards in the event of (i) the Grantee engaging in Detrimental Activity, (ii) the Grantee's breach of any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement (as defined herein) or of any separately executed covenant not to compete with the Company, as applicable, or (iii) as provided pursuant to the Company's Compensation Recovery Policy. Clause (ii) of the immediately preceding sentence shall be construed as a return of consideration due to the Grantee's violation of his or her promises under Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company, as applicable, and not as a liquidated damages clause. Nothing contained herein shall eliminate, reduce or compromise (x) the Company's right to assert that the restrictions provided for in Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company, as applicable, are fully enforceable as written, or as modified by a court of competent jurisdiction as provided therein, (y) the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions as provided therein, or (z) the Company's right to pursue other remedies at law or in equity. This Section 3(b) shall survive and continue in full force in accordance with its terms and the terms of the Plan notwithstanding any termination of the Grantee's employment or the payment of the Restricted Share Units as provided herein.

4. Payment of Vested Restricted Share Units. Except as otherwise provided in Section 14 of this Agreement, the Company shall deliver to the Grantee the Shares underlying the vested Restricted Share Units (if any) within thirty (30) days following the applicable Vesting Date (or within thirty (30) days following such earlier date as the Restricted Share Units become vested pursuant to this Agreement). Notwithstanding anything in this Agreement to the contrary, the Company may settle vested Restricted

Share Units in cash, in which case the amount of cash payable shall equal the product of (a) the number of vested Shares otherwise deliverable under this Agreement, and (b) the Fair Market Value per Share on the trading day immediately preceding the payment date.

5. Transferability. The Restricted Share Units may not be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, unless otherwise provided under the Plan. Any purported transfer or encumbrance in violation of the provisions of this Section 5 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Share Units.

6. Dividend, Voting and Other Rights. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Restricted Share Units until such Shares have been delivered to the Grantee in accordance with Section 4 hereof. The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, subject to the terms and conditions of this Agreement and the Plan, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. Payment of Dividend Equivalents. Upon payment of a vested Restricted Share Unit, the Grantee shall be entitled to a cash payment (without interest) equal to the aggregate cash dividends declared and payable with respect to one (1) Share for each record date, if any, that occurs during the period beginning on the Date of Grant and ending on the date the vested Restricted Share Unit is paid (the "Dividend Equivalent"). The Dividend Equivalents shall be forfeited to the extent that the underlying Restricted Share Unit is forfeited and shall be paid to the Grantee, if at all, at the same time that the related vested Restricted Share Unit is paid to the Grantee in accordance with Section 4.

8. Non-Solicitation; Confidentiality; Ownership of Work Product. In the event that the Grantee is a party to one or more separately executed agreements with the Company, the terms of which restrict (w) the Grantee's ability to solicit customers of the Company, (x) the Grantee's ability to solicit employees of the Company, (y) the Grantee's ability to use or disclose confidential information or trade secrets of the Company, or (z) the ownership of works (collectively, the "Restrictive Covenants Agreement"), then the terms of such applicable restriction or restrictions in the Restrictive Covenants Agreement shall govern in lieu of the corresponding restriction or restrictions set forth in this Section 8, respectively. In consideration of, and as a condition to, the Grantee's employment by the Company, the grant of the Restricted Share Units, a portion of the compensation and other benefits to be paid to the Grantee during such employment, the potential disclosure to the Grantee of Confidential Information (as hereinafter defined) in connection with such employment and other good and valuable consideration, the Grantee and the Company agree as follows:

8.1 Non-solicitation of or provision of competitive activities or services to Customers. During the Restricted Period, subject to (e) below, the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an owner, a shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) undertake or engage in any of the following activities without the prior written consent of the Company:

(a) Solicit (or assist in soliciting), provide, or offer to provide activities or services that are competitive with the Business of the Company to any customer (past or current) or actively sought prospective customer (or any owner, shareholder, partner, employee, agent or advisor of any past, current or prospective customer) with whom the Grantee had material contact at any time during the Grantee's employment with the Company; and/or

(b) Ask, suggest, intimate or imply to any customer (past or current) or actively sought prospective customer of the Company with whom Grantee had any material contact during the Grantee's employment with the Company, that such customer consider placing or moving an order for services that are competitive with the Business of the Company, or all or any portion of such customer's business relating to services that are competitive with the Business of the Company, to any other supplier or service provider that provides services that are competitive with the Business of the Company;

(c) Solicit, induce or attempt to induce any customer, supplier, distributor, franchisee, licensee, or other individual or entity with whom Grantee had any material contact during the Grantee's employment with the Company that has any business relationship with the Company or any of its affiliates to cease doing business with the Company or any of its affiliates, or in any way interfere with the relationship between any such customer, supplier, distributor, franchisee, licensee, or any other individual or entity and the Company or any of its affiliates; and/or

(d) Disparage, criticize, derogate, denigrate, or deprecate the Company or any of its products services or employees to any past, current or prospective customer of the Company; provided, however,

(e) If the Company does not provide Grantee with a Severance Payment, then the Grantee may undertake the activities described in Sections 8.1 (a) and (b) on behalf of himself/herself or a competing business or entity provided that such activities relate to projects, bids, or jobs that are not related (directly or indirectly) to past or existing projects, bids, jobs, or opportunities for which, on behalf of the Company, Grantee performed services, worked on, was involved with, or about which Grantee had access to confidential information.

Nothing in this Agreement shall be construed to prohibit the conduct described in Section 8.1 by Grantee on behalf of and for the benefit of the Company during the term of Grantee's employment by the Company.

8.2 Non-solicitation of Employees. During the Restricted Period the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an owner, shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) solicit, recruit, induce, entice, endeavor or assist in any effort to cause any person employed by the Company to end such person's employment with the Company (whether or not such person would commit a breach of contract by accepting such other employment).

8.3 Tolling. In the event that a court of competent jurisdiction determines that Grantee has violated, or is in violation of, Grantee's obligations under Section 8, the Restricted Period shall be deemed tolled for an amount of time equal to the amount of time a court finds that Grantee was or acted in violation of this section. Moreover, in the event the enforceability of any of the terms of Section 8 shall be challenged in court and as a result, Grantee is not enjoined from breaching any of this Section 7, and a court of competent jurisdiction (including appellate courts) subsequently finds that the challenged covenant is enforceable and orders compliance with the covenant, the Restricted Period shall be deemed tolled for an amount of time equal to the time from entry of an order finding that the covenant is not enforceable through such time as Grantee is ordered by a court to comply with the covenant.

8.4 "Restricted Period." For purposes of this Section 8, if the Grantee terminates his or her employment with the Company for any reason other than Good Reason, or if the Company terminates Grantee's employment with the Company for Cause, both as defined in the Plan, the term Restricted Period means the duration of the Grantee's employment with the Company and a period of one (1) year

following the last date that the Grantee is employed by the Company. If the Company terminates Grantee's employment without Cause or the Grantee terminates his or her employment with the Company for Good Reason, then the term Restricted Period means the duration of the Grantee's employment with the Company and a period of time equal to the Grantee's employment with the Company, but in any event not to exceed six (6) months, following the last date that the Grantee is employed by the Company.

8.5 "Severance Payment" for purposes of this Section 8, means the payment, if any, provided by the Company to the Grantee as part of an agreement regarding the termination of the employer-employee relationship which provides or a severance payment, or other compensation, as the result of termination of employment.

8.6 Trade Secrets.

(a) The Grantee shall hold in confidence all Trade Secrets of the Company and/or its customers (the "Associated Companies") that have or will come into the Grantee's knowledge or possession during the Grantee's employment by the Company and shall not disclose, publish or make use of such Trade Secrets at any time without the prior written consent of the Company for so long as the Trade Secret remains a trade secret.

(b) Notice of Immunity under Defend Trade Secrets Act. Grantee is hereby notified that the following immunities exist under the U.S. Defend Trade Secrets Act of 2016: (1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made —(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of 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 (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

8.7 Confidential Information. The Grantee shall hold in confidence all Confidential Information of the Company or of the Associated Companies that have or will come into the Grantee's knowledge or possession during the Grantee's employment by the Company and shall not disclose, publish or make use of such Confidential Information without the prior written consent of the Company for so long as the Confidential Information remains confidential.

8.8 Return of Company Property. Upon the request of the Company or, in any event with or without a request upon the termination of the Grantee's employment with the Company, the Grantee shall deliver to the Company all memoranda, notes, records, manuals or other documents (including, but not limited to, written instruments, voice or data recordings, or computer tapes, disks or files of any nature), including all copies of such materials and all documentation prepared or produced in connection therewith, pertaining to the performance of the Grantee's services for the Company, the Business of the Company or of the Associated Companies, or containing Trade Secrets or Confidential Information of the Company or pertaining to the Company's Business or the Associated Companies' business, whether made or compiled by the Grantee or furnished to the Grantee. Upon the request of the Company and, in any event, upon the termination of the Grantee's employment with the Company, the Grantee shall also deliver to the Company all computers, credit cards, telephones, office equipment, software, and other property the Company furnished to or in the possession of the Grantee.

8.9 Interpretation. The restrictions stated in this Section 8 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting the Company's right under applicable law to protect its trade secrets and confidential information.

8.10 "Trade Secret" means information without regard to form, including but not limited to any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

8.11 "Confidential Information" means any data or information, other than Trade Secrets, that is valuable to the Company (and/or its customers) and not generally known to the public or to competitors of the Company.

8.12 The Company shall own all Work Product. "Work Product" means all intellectual property rights including all Trade Secrets, registered and unregistered copyrights under U.S. and international law, copyrightable material or works, patents, patentable inventions, discoveries and improvements, and other intellectual property rights, in any technology software, data files documentation, or other work product or material that relates to the business and/or interests of the Company and that the Employee conceives, develops, creates or delivers (whether individually or working with others) to the Company at any time during the Employee's employment with the Company. All Work Product shall be considered work made for hire by the Grantee and owned by the Company. The Grantee hereby irrevocably relinquishes for the benefit of the Company and its assigns any moral rights in and to the Work Product recognized by applicable law.

8.13 If any of the Work Product may not, by operation of law, be considered work made for hire by the Grantee for the Company, or if ownership of all right, title, and interest in and to the intellectual property rights therein shall not otherwise vest exclusively in the Company, the Grantee hereby agrees to assign, and upon creation thereof automatically assigns, without further consideration, the ownership of all Trade Secrets, registered and unregistered copyrights under United States and international law, copyrightable material or works, patents, patentable inventions: and other intellectual property rights therein to the Company, its successors and assigns.

8.14 The Company, its successors and assigns, shall have the right to obtain and hold in its or their own name copyright registrations, trademark registrations, patents and any other protection available in the foregoing.

8.15 The Grantee agrees to perform, upon the reasonable request of the Company, during or after employment such further acts as may be necessary or desirable to transfer, perfect, and defend the Company's ownership of the Work Product, including but not limited to: (a) executing, acknowledging, and delivering any requested affidavits and documents of assignment and conveyance; (b) assisting in the preparation, prosecution, procurement, maintenance and enforcement of all copyrights and, if applicable, patents with respect to the Work Product in any countries; (c) providing testimony in connection with any proceeding affecting the right, title, or interest of the Company in any Work Product; and (d) performing any other acts deemed necessary or desirable to carry out the purposes of this Agreement. The Company shall reimburse any reasonable out-of-pocket expenses incurred by the Grantee at the Company's request in connection with the foregoing, including (unless the Grantee is otherwise being compensated at the time)

a reasonable and pre-agreed per diem or hourly fee for services rendered following termination of the Grantee's employment.

8.16 Miscellaneous.

(i) The Grantee acknowledges that the restrictions, prohibitions and other provisions in Section 8 are reasonable, fair and equitable in scope, terms and duration, and are necessary to protect the legitimate business interests of the Company. The terms and provisions of Section 8 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. It is the intention of the parties to this Agreement that the potential restrictions on the Grantee imposed by Section 8 be reasonable in scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of Section 8 unreasonable in scope or otherwise, the Grantee and the Company agree that the restrictions and prohibitions contained herein may be modified by a court of competent jurisdiction and shall be effective to the fullest extent allowed under Applicable Law in such jurisdiction. The Grantee agrees to disclose the existence of this Agreement to any subsequent employer.

(ii) The Grantee hereby agrees that any remedy at law for any breach or threatened breach of the provisions of Section 8 will be inadequate and that the Company will be entitled to injunctive relief in addition to any other remedy the Company might have under this Agreement. The Grantee hereby expressly acknowledges that the harm which might result to the Company's business as a result of any noncompliance by the Grantee with the provisions of this Section 8 would be largely irreparable. The parties agree that if the Company pursues legal action to enforce the terms and conditions of this Section 8 and obtains all or part of the relief sought, the Grantee shall be responsible for the reasonable attorney's fees and costs of the Company in bringing such action.

(iii) Notwithstanding any other provision of this Agreement or the Plan, the rights and obligations of the parties hereto, and any claims or disputes relating to this Section 8 shall be governed by and construed in accordance with the laws of the State of Georgia without giving effect to the principles of conflict of laws thereof. Each party agrees that any action arising out of or relating to this Section 8 shall be brought in the Superior Court of DeKalb County, Georgia or the United States District Court for the Northern District of Georgia, or if the action is brought by the Company and if Grantee resides in Georgia, the Superior Court of the Georgia county in which Grantee resides in Georgia if so required by law, and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts, and irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action in those jurisdictions.

(iv) For purposes of this Section 8, the term "Company" shall be deemed to include Williams Industrial Services Group Inc., its Subsidiaries and affiliates, and all of their respective successors and assigns.

9. No Employment Contract. Nothing contained in this Agreement shall confer upon the Grantee any right with respect to continuance of employment by the Company and its Subsidiaries, nor limit or affect in any manner the right of the Company and its Subsidiaries to terminate the employment or adjust the compensation of the Grantee, in each case with or without Cause.

10. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by

the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

11. Taxes and Withholding. The Grantee is responsible for any federal, state, local or other taxes with respect to the Restricted Share Units and the Dividend Equivalents. The Company does not guarantee any particular tax treatment or results in connection with the grant or vesting of the Restricted Share Units, the delivery of Shares or the payment of Dividend Equivalents. To the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares or cash under this Agreement, then, except as otherwise provided below, the Company or Subsidiary (as applicable) shall retain a number of Shares (or an amount of cash) otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require the Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to the Grantee (other than deferred compensation subject to Section 409A of the Code). If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes with respect to Dividend Equivalents, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to reduce the cash payment related to the Dividend Equivalent by the applicable tax withholding.

12. Adjustments. The number and kind of shares of stock deliverable pursuant to the Restricted Share Units are subject to adjustment as provided in Section 16 of the Plan.

13. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws and listing requirements with respect to the Restricted Share Units; provided that, notwithstanding any other provision of this Agreement, and only to the extent permitted under Section 409A of the Code, the Company shall not be obligated to deliver any Shares pursuant to this Agreement if the delivery thereof would result in a violation of any such law or listing requirement.

14. Section 409A of the Code. It is intended that the Restricted Share Units and any Dividend Equivalents provided pursuant to this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code, and this Agreement shall be interpreted, administered and governed in accordance with such intent. To the extent necessary to give effect to such intent, the Grantee's termination of employment shall mean, for purposes of this Agreement, the Grantee's "separation from service" within the meaning of Section 409A of the Code. In particular, it is intended that the Restricted Share Units and any Dividend Equivalents shall be exempt from Section 409A of the Code, to the maximum extent possible, pursuant to the "short-term deferral" exception thereto. However, to the extent that the Restricted Share Units or any Dividend Equivalents constitute a deferral of compensation subject to the requirements of Section 409A of the Code (for example, because the Grantee's governing employment agreement defines "Good Reason" in a manner such that the Grantee's termination of employment for Good Reason would not be treated as an involuntary separation from service for purposes of Section 409A of the Code), then the following rules shall apply, notwithstanding any other provision of this Agreement to the contrary:

(a) The Company will deliver the Shares underlying any Restricted Share Units that become vested in accordance with Section 2(b) or 2(c) of this Agreement and pay any Dividend Equivalents with respect to those vested Restricted Share Units within thirty (30) days after the first to occur of (i) the applicable Vesting Date; (ii) the occurrence of a Change in Control that is also a "change in the ownership,"

a “change in the effective control,” or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code; or (iii) the Grantee’s “separation from service” within the meaning of Section 409A of the Code; and

(b) If the Restricted Share Units (and any related Dividend Equivalents) become payable as a result of the Grantee’s separation from service (other than as a result of the Grantee’s death) and the Grantee is a “specified employee” at that time within the meaning of Section 409A of the Code (as determined pursuant to the Company’s policy for identifying specified employees), the Company will deliver the Shares underlying the vested Restricted Share Units and pay any related Dividend Equivalents to the Grantee on the first business day that is at least six months after the date of the Grantee’s separation from service (or upon the Grantee’s death if the Grantee dies before the end of that six-month period).

15. Amendments. Subject to the terms of the Plan, the Compensation Committee of the Board (the “Committee”) may modify this Agreement upon written notice to the Grantee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Notwithstanding the foregoing, no amendment of the Plan or this Agreement shall adversely affect in a material way the rights of the Grantee under this Agreement without the Grantee’s consent unless the Committee determines, in good faith, that such amendment is required for the Agreement to either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, or as otherwise may be provided in the Plan.

16. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

17. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. Except with respect to the provisions of the Restrictive Covenants Agreement and of any separately executed covenant not to compete with the Company expressly referenced herein, this Agreement and the Plan contain the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersede all prior written or oral communications, representations and negotiations in respect thereto. Except as otherwise provided in Section 8 hereof, in the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions that arise in connection with the grant of the Restricted Share Units.

18. Successors and Assigns. Without limiting Section 5, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

19. Governing Law. Except as otherwise provided in Section 8 hereof, the interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

20. Use of Grantee’s Information. Information about the Grantee and the Grantee’s participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. The Grantee understands that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third-party administrators whether such persons are located within the Grantee’s country or elsewhere, including the United States of America. The

Grantee consents to the processing of information relating to the Grantee and the Grantee's participation in the Plan in any one or more of the ways referred to above.

21. Electronic Delivery. The Grantee hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Grantee understands that, unless earlier revoked by the Grantee by giving written notice to the Director of Financial Reporting of the Company, this consent shall be effective for the duration of the Agreement. The Grantee also understands that he or she shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. The Grantee hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Grantee consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

22. No Fractional Shares. Fractional Shares or units will be subject to rounding conventions adopted by the Company from time to time; provided that in no event will the total shares issued exceed the total units granted under this award.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Date of Grant.

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

By: _____
Name: Tracy D. Pagliara
Title: President and Chief Executive Officer

By executing this Agreement, you acknowledge that a copy of the Plan, Plan Summary and Prospectus, and the Company's most recent Annual Report and Proxy Statement (the "Prospectus Information") either have been received by you or are available for viewing on the Company's intranet site, and you consent to receiving this Prospectus Information electronically, or, in the alternative, agree to contact Korey Daniel, CPA, Director of Financial Reporting, at 770.879.4405, to request a paper copy of the Prospectus Information at no charge.

GRANTEE

[•]



EXHIBIT 10.3

WILLIAMS INDUSTRIAL SERVICES GROUP INC.
PERFORMANCE-BASED RESTRICTED SHARE UNIT AGREEMENT

Notice of Restricted Share Unit Award

Williams Industrial Services Group Inc. (the “Company”) grants to the Grantee named below, in accordance with the terms of the Williams Industrial Services Group Inc. 2015 Equity Incentive Plan (the “Plan”) and this Performance-Based Restricted Share Unit Agreement (the “Agreement”), the opportunity to earn all, a portion, or a multiple of the number of Restricted Share Units set forth below, as of the Date of Grant set forth below. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan.

| | |
|-----------------------------------|---|
| Name of Grantee: | [•] |
| Date of Grant: | March 31, 2022 |
| Number of Restricted Share Units: | [•] |
| Vesting Date: | March 31, 2025 |
| Performance Periods: | The 2022, 2023 and 2024 fiscal years of the Company |
| Performance Objective: | Achievement of the Company’s annual operating income and free cash flow targets for each Performance Period, as set forth on <u>Exhibit A</u> |

Terms of Agreement

1. Grant of Restricted Share Units. Subject to and upon the terms, conditions, and restrictions set forth in this Agreement and in the Plan, the Company hereby grants to the Grantee as of the Date of Grant, the Restricted Share Units set forth above. Each Restricted Share Unit shall represent the contingent opportunity to receive one Share or a cash payment and generally shall be equal in value to one Share, subject to the provisions below. The Restricted Share Units shall be credited in a book entry account established for the Grantee until payment in accordance with Section 4 hereof (or forfeiture in accordance with Section 3 hereof).

2. Vesting of Restricted Share Units.

(a) In General. Subject to the Grantee’s compliance with the restrictions of Section 8 hereof, or the terms of the Restrictive Covenants Agreement (as defined in Section 8) or of any separately executed covenant not to compete with the Company, as applicable:

(i) Award. The Restricted Share Units shall be allocated in three equal portions to each of the three Performance Periods identified above. The Grantee’s right to receive all, a portion, or a multiple of the portion of the Restricted Share Units allocated to a Performance Period shall be contingent upon the extent to which the Company achieves the Performance Objectives established for



that Performance Period in accordance with the payout levels set forth in the attached Exhibit A. After the end of each Performance Period, the Compensation Committee of the Board (the "Committee") shall determine in writing the extent, if any, to which the Performance Objective(s) for that Performance Period have been satisfied and shall determine the percentage, if any, of the Restricted Share Units allocated to that Performance Period that shall be payable to Grantee, subject to the vesting requirements set forth below. The earned portion of the Restricted Share Units allocated to a Performance Period shall vest on the Vesting Date, provided that the Grantee shall have remained in the continuous employ of the Company or a Subsidiary through the Vesting Date.

(ii) Continuous Employment. For purposes of this Section 2, the continuous employment of the Grantee with the Company and its Subsidiaries shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company and its Subsidiaries, by reason of the transfer of his or her employment among the Company and its Subsidiaries.

(b) Involuntary Termination or Termination for Good Reason. If, prior to the Vesting Date, the Grantee's employment with the Company or a Subsidiary is terminated (x) by the Company or a Subsidiary without Cause (as defined in the Plan) or by reason of the Grantee's Disability (as defined in the long-term disability plan of the Company or a Subsidiary applicable to the Grantee), (y) by the Grantee for Good Reason (as defined in the Plan), or (z) as a result of the Grantee's death, then, except as otherwise provided in paragraph (c) below, and provided that, within forty-five (45) days after such termination, the Grantee (or the Grantee's estate, beneficiary or other successor) shall have executed and delivered a release of claims in a form provided by the Company and such release of claims shall have become effective and irrevocable in accordance with its terms, the Grantee shall become vested in the portion of the Restricted Share Units equal to the product of: (i) the portion of the Restricted Share Units that would have become vested under this Agreement had the Grantee remained continuously employed with the Company or a Subsidiary through the Vesting Date (based on actual performance results for each of the three Performance Periods), multiplied by (ii) a fraction based on the number of days of continuous employment with the Company or a Subsidiary completed by the Grantee from the Date of Grant through the Vesting Date.

(c) Change in Control. The provisions of Section 21 of the Plan shall apply in the event of a Change in Control.

3. Forfeiture of Restricted Share Units.

(a) Forfeiture of Unvested Award. The Restricted Share Units that have not yet vested pursuant to Section 2 (and any right to unpaid Dividend Equivalents under Section 8 with respect to the Restricted Share Units), shall be forfeited automatically without further action or notice if (i) the Grantee ceases to be employed by the Company or a Subsidiary prior to the Vesting Date, except as otherwise provided in Section 2(b) or 2(c), (ii) the Grantee breaches any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement or of any separately executed covenant not to compete with the Company, as applicable, or (iii) the Company fails to achieve the Performance Objectives during the applicable Performance Periods.

(b) Repayment of Award. The Restricted Share Units shall be subject to the provisions of Section 20 of the Plan regarding forfeiture and repayment of awards in the event of (i) the Grantee engaging in Detrimental Activity, (ii) the Grantee's breach of any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement (as defined herein) or of any separately executed covenant not to compete with the Company, as applicable, or (iii) as provided pursuant to the Company's Compensation Recovery Policy. Clause (ii) of the immediately preceding sentence shall be construed as a return of consideration due to the Grantee's violation of his or her promises under Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company,

as applicable, and not as a liquidated damages clause. Nothing contained herein shall eliminate, reduce or compromise (x) the Company's right to assert that the restrictions provided for in Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company, as applicable, are fully enforceable as written, or as modified by a court of competent jurisdiction as provided therein, (y) the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions as provided therein, or (z) the Company's right to pursue other remedies at law or in equity. This Section 3(b) shall survive and continue in full force in accordance with its terms and the terms of the Plan notwithstanding any termination of the Grantee's employment or the payment of the Restricted Share Units as provided herein.

4. Payment of Vested Restricted Share Units. Except as otherwise provided in Section 14 of this Agreement, the Company shall deliver to the Grantee the Shares underlying the vested Restricted Share Units (if any) within thirty (30) days following the Vesting Date. Notwithstanding anything in this Agreement to the contrary, the Company may settle vested Restricted Share Units in cash, in which case the amount of cash payable shall equal the product of (a) the number of vested Shares otherwise deliverable under this Agreement, and (b) the Fair Market Value per Share on the trading day immediately preceding the payment date.

5. Transferability. The Restricted Share Units may not be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, unless otherwise provided under the Plan. Any purported transfer or encumbrance in violation of the provisions of this Section 5 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Share Units.

6. Dividend, Voting and Other Rights. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Restricted Share Units until such Shares have been delivered to the Grantee in accordance with Section 4 hereof. The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, subject to the terms and conditions of this Agreement and the Plan, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. Payment of Dividend Equivalents. Upon payment of a vested Restricted Share Unit, the Grantee shall be entitled to a cash payment (without interest) equal to the aggregate cash dividends declared and payable with respect to one (1) Share for each record date, if any, that occurs during the period beginning on the Date of Grant and ending on the date the vested Restricted Share Unit is paid (the "Dividend Equivalent"). The Dividend Equivalents shall be forfeited to the extent that the underlying Restricted Share Unit is forfeited and shall be paid to the Grantee, if at all, at the same time that the related vested Restricted Share Unit is paid to the Grantee in accordance with Section 4.

8. Non-Solicitation; Confidentiality; Ownership of Work Product. In the event that the Grantee is a party to one or more separately executed agreements with the Company, the terms of which restrict (w) the Grantee's ability to solicit customers of the Company, (x) the Grantee's ability to solicit employees of the Company, (y) the Grantee's ability to use or disclose confidential information or trade secrets of the Company, or (z) the ownership of works (collectively, the "Restrictive Covenants Agreement"), then the terms of such applicable restriction or restrictions in the Restrictive Covenants Agreement shall govern in lieu of the corresponding restriction or restrictions set forth in this Section 8, respectively. In consideration of, and as a condition to, the Grantee's employment by the Company, the grant of the Restricted Share Units, a portion of the compensation and other benefits to be paid to the Grantee during such employment, the potential disclosure to the Grantee of Confidential Information (as

hereinafter defined) in connection with such employment and other good and valuable consideration, the Grantee and the Company agree as follows:

8.1 Non-solicitation of or provision of competitive activities or services to Customers. During the Restricted Period, subject to (e) below, the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an owner, a shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) undertake or engage in any of the following activities without the prior written consent of the Company:

(a) Solicit (or assist in soliciting), provide, or offer to provide activities or services that are competitive with the Business of the Company to any customer (past or current) or actively sought prospective customer (or any owner, shareholder, partner, employee, agent or advisor of any past, current or prospective customer) with whom the Grantee had material contact at any time during the Grantee's employment with the Company; and/or

(b) Ask, suggest, intimate or imply to any customer (past or current) or actively sought prospective customer of the Company with whom Grantee had any material contact during the Grantee's employment with the Company, that such customer consider placing or moving an order for services that are competitive with the Business of the Company, or all or any portion of such customer's business relating to services that are competitive with the Business of the Company, to any other supplier or service provider that provides services that are competitive with the Business of the Company;

(c) Solicit, induce or attempt to induce any customer, supplier, distributor, franchisee, licensee, or other individual or entity with whom Grantee had any material contact during the Grantee's employment with the Company that has any business relationship with the Company or any of its affiliates to cease doing business with the Company or any of its affiliates, or in any way interfere with the relationship between any such customer, supplier, distributor, franchisee, licensee, or any other individual or entity and the Company or any of its affiliates; and/or

(d) Disparage, criticize, derogate, denigrate, or deprecate the Company or any of its products services or employees to any past, current or prospective customer of the Company; provided, however,

(e) If the Company does not provide Grantee with a Severance Payment, then the Grantee may undertake the activities described in Sections 8.1 (a) and (b) on behalf of himself/herself or a competing business or entity provided that such activities relate to projects, bids, or jobs that are not related (directly or indirectly) to past or existing projects, bids, jobs, or opportunities for which, on behalf of the Company, Grantee performed services, worked on, was involved with, or about which Grantee had access to confidential information.

Nothing in this Agreement shall be construed to prohibit the conduct described in Section 8.1 by Grantee on behalf of and for the benefit of the Company during the term of Grantee's employment by the Company.

8.2 Non-solicitation of Employees. During the Restricted Period the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an owner, shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) solicit, recruit, induce, entice, endeavor or assist in any effort to cause any person employed by the Company to end such person's employment with the Company (whether or not such person would commit a breach of contract by accepting such other employment).

8.3 Tolling. In the event that a court of competent jurisdiction determines that Grantee has violated, or is in violation of, Grantee's obligations under this Section 8, the Restricted Period shall be deemed tolled for an amount of time equal to the amount of time a court finds that Grantee was or acted in violation of this section. Moreover, in the event the enforceability of any of the terms of this Section 8 shall be challenged in court and as a result, Grantee is not enjoined from breaching any of Section 8, and a court of competent jurisdiction (including appellate courts) subsequently finds that the challenged covenant is enforceable and orders compliance with the covenant, the Restricted Period shall be deemed tolled for an amount of time equal to the time from entry of an order finding that the covenant is not enforceable through such time as Grantee is ordered by a court to comply with the covenant.

8.4 "Restricted Period." For purposes of this Section 8, if the Grantee terminates his or her employment with the Company for any reason other than Good Reason, or if the Company terminates Grantee's employment with the Company for Cause, both as defined in the Plan, the term Restricted Period means the duration of the Grantee's employment with the Company and a period of one (1) year following the last date that the Grantee is employed by the Company. If the Company terminates Grantee's employment without Cause or the Grantee terminates his or her employment with the Company for Good Reason, then the term Restricted Period means the duration of the Grantee's employment with the Company and a period of time equal to the Grantee's employment with the Company, but in any event not to exceed six (6) months, following the last date that the Grantee is employed by the Company.

8.5 Severance Payment" for purposes of this Section 8, means the payment, if any, provided by the Company to the Grantee as part of an agreement regarding the termination of the employer-employee relationship which provides or a severance payment, or other compensation, as the result of termination of employment.

8.6 Trade Secrets.

(a) The Grantee shall hold in confidence all Trade Secrets of the Company and/or its customers (the "Associated Companies") that have or will come into the Grantee's knowledge or possession during the Grantee's employment by the Company and shall not disclose, publish or make use of such Trade Secrets at any time without the prior written consent of the Company for so long as the Trade Secret remains a trade secret.

(b) Notice of Immunity under Defend Trade Secrets Act. Grantee is hereby notified that the following immunities exist under the U.S. Defend Trade Secrets Act of 2016: (1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of 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 (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

8.7 Confidential Information. The Grantee shall hold in confidence all Confidential Information of the Company or of the Associated Companies that have or will come into the Grantee's knowledge or possession during the Grantee's employment by the Company and shall not disclose, publish or make use of such Confidential Information without the prior written consent of the Company for so long as the Confidential Information remains confidential.

8.8 Return of Company Property. Upon the request of the Company or, in any event with or without a request upon the termination of the Grantee's employment with the Company, the Grantee shall deliver to the Company all memoranda, notes, records, manuals or other documents (including, but not limited to, written instruments, voice or data recordings, or computer tapes, disks or files of any nature), including all copies of such materials and all documentation prepared or produced in connection therewith, pertaining to the performance of the Grantee's services for the Company, the Business of the Company or of the Associated Companies, or containing Trade Secrets or Confidential Information of the Company or pertaining to the Company's Business or the Associated Companies' business, whether made or compiled by the Grantee or furnished to the Grantee. Upon the request of the Company and, in any event, upon the termination of the Grantee's employment with the Company, the Grantee shall also deliver to the Company all computers, credit cards, telephones, office equipment, software, and other property the Company furnished to or in the possession of the Grantee.

8.9 Interpretation. The restrictions stated in this Section 8 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting the Company's right under applicable law to protect its trade secrets and confidential information.

8.10 "Trade Secret" means information without regard to form, including but not limited to any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

8.11 "Confidential Information" means any data or information, other than Trade Secrets, that is valuable to the Company (and/or its customers) and not generally known to the public or to competitors of the Company.

8.12 The Company shall own all Work Product. "Work Product" means all intellectual property rights including all Trade Secrets, registered and unregistered copyrights under U.S. and international law, copyrightable material or works, patents, patentable inventions, discoveries and improvements, and other intellectual property rights, in any technology software, data files documentation, or other work product or material that relates to the business and/or interests of the Company and that the Employee conceives, develops, creates or delivers (whether individually or working with others) to the Company at any time during the Employee's employment with the Company. All Work Product shall be considered work made for hire by the Grantee and owned by the Company. The Grantee hereby irrevocably relinquishes for the benefit of the Company and its assigns any moral rights in and to the Work Product recognized by applicable law.

8.13 If any of the Work Product may not, by operation of law, be considered work made for hire by the Grantee for the Company, or if ownership of all right, title, and interest in and to the intellectual property rights therein shall not otherwise vest exclusively in the Company, the Grantee hereby agrees to assign, and upon creation thereof automatically assigns, without further consideration, the ownership of all Trade Secrets, registered and unregistered copyrights under United States and international law, copyrightable material or works, patents, patentable inventions: and other intellectual property rights therein to the Company, its successors and assigns.

8.14 The Company, its successors and assigns, shall have the right to obtain and hold in its or their own name copyright registrations, trademark registrations, patents and any other protection available in the foregoing.

8.15 The Grantee agrees to perform, upon the reasonable request of the Company, during or after employment such further acts as may be necessary or desirable to transfer, perfect, and defend the Company's ownership of the Work Product, including but not limited to: (a) executing, acknowledging, and delivering any requested affidavits and documents of assignment and conveyance; (b) assisting in the preparation, prosecution, procurement, maintenance and enforcement of all copyrights and, if applicable, patents with respect to the Work Product in any countries; (c) providing testimony in connection with any proceeding affecting the right, title, or interest of the Company in any Work Product; and (d) performing any other acts deemed necessary or desirable to carry out the purposes of this Agreement. The Company shall reimburse any reasonable out-of-pocket expenses incurred by the Grantee at the Company's request in connection with the foregoing, including (unless the Grantee is otherwise being compensated at the time) a reasonable and pre-agreed per diem or hourly fee for services rendered following termination of the Grantee's employment.

8.16 Miscellaneous.

(i) The Grantee acknowledges that the restrictions, prohibitions and other provisions in this Section 8 are reasonable, fair and equitable in scope, terms and duration, and are necessary to protect the legitimate business interests of the Company. The terms and provisions of this Section 8 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. It is the intention of the parties to this Agreement that the potential restrictions on the Grantee imposed by Section 8 be reasonable in scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of Section 8 unreasonable in scope or otherwise, the Grantee and the Company agree that the restrictions and prohibitions contained herein may be modified by a court of competent jurisdiction and shall be effective to the fullest extent allowed under Applicable Law in such jurisdiction. The Grantee agrees to disclose the existence of this Agreement to any subsequent employer.

(ii) The Grantee hereby agrees that any remedy at law for any breach or threatened breach of the provisions of Section 8 will be inadequate and that the Company will be entitled to injunctive relief in addition to any other remedy the Company might have under this Agreement. The Grantee hereby expressly acknowledges that the harm which might result to the Company's business as a result of any noncompliance by the Grantee with the provisions of this Section 8 would be largely irreparable. The parties agree that if the Company pursues legal action to enforce the terms and conditions of this Section 8 and obtains all or part of the relief sought, the Grantee shall be responsible for the reasonable attorney's fees and costs of the Company in bringing such action.

(iii) Notwithstanding any other provision of this Agreement or the Plan, the rights and obligations of the parties hereto, and any claims or disputes relating to this Section 8 shall be governed by and construed in accordance with the laws of the State of Georgia without giving effect to the principles of conflict of laws thereof. Each party agrees that any action arising out of or relating to this Section 8 shall be brought in the Superior Court of DeKalb County, Georgia or the United States District Court for the Northern District of Georgia, or if the action is brought by the Company and if Grantee resides in Georgia, the Superior Court of the Georgia county in which Grantee resides in Georgia if so required by law, and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts, and irrevocably waives any objection, including, without limitation, any objection to the laying

of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action in those jurisdictions.

(iv) For purposes of this Section 8, the term “Company” shall be deemed to include Williams Industrial Services Group Inc., its Subsidiaries and affiliates, and all of their respective successors and assigns.

9. No Employment Contract. Nothing contained in this Agreement shall confer upon the Grantee any right with respect to continuance of employment by the Company and its Subsidiaries, nor limit or affect in any manner the right of the Company and its Subsidiaries to terminate the employment or adjust the compensation of the Grantee, in each case with or without Cause.

10. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

11. Taxes and Withholding. The Grantee is responsible for any federal, state, local or other taxes with respect to the Restricted Share Units and the Dividend Equivalents. The Company does not guarantee any particular tax treatment or results in connection with the grant or vesting of the Restricted Share Units, the delivery of Shares or cash or the payment of Dividend Equivalents. To the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares or cash under this Agreement, then, except as otherwise provided below, the Company or Subsidiary (as applicable) shall retain a number of Shares (or an amount of cash) otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require the Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to the Grantee (other than deferred compensation subject to Section 409A of the Code). If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes with respect to Dividend Equivalents, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to reduce the cash payment related to the Dividend Equivalent by the applicable tax withholding.

12. Adjustments. The number and kind of shares of stock deliverable pursuant to the Restricted Share Units are subject to adjustment as provided in Section 16 of the Plan.

13. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws and listing requirements with respect to the Restricted Share Units; provided that, notwithstanding any other provision of this Agreement, and only to the extent permitted under Section 409A of the Code, the Company shall not be obligated to deliver any Shares pursuant to this Agreement if the delivery thereof would result in a violation of any such law or listing requirement.

14. Section 409A of the Code. It is intended that the Restricted Share Units and any Dividend Equivalents provided pursuant to this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code, and this Agreement shall be interpreted, administered and governed in

accordance with such intent. To the extent necessary to give effect to such intent, the Grantee's termination of employment shall mean, for purposes of this Agreement, the Grantee's "separation from service" within the meaning of Section 409A of the Code. In particular, it is intended that the Restricted Share Units and any Dividend Equivalents shall be exempt from Section 409A of the Code, to the maximum extent possible, pursuant to the "short-term deferral" exception thereto. However, to the extent that the Restricted Share Units or any Dividend Equivalents constitute a deferral of compensation subject to the requirements of Section 409A of the Code (for example, because the Grantee's governing employment agreement defines "Good Reason" in a manner such that the Grantee's termination of employment for Good Reason would not be treated as an involuntary separation from service for purposes of Section 409A of the Code), then the following rules shall apply, notwithstanding any other provision of this Agreement to the contrary:

(a) The Company will deliver the Shares underlying any Restricted Share Units that become vested in accordance with Section 2(b) or 2(c) of this Agreement and pay any Dividend Equivalents with respect to those vested Restricted Share Units within thirty (30) days after the first to occur of (i) the applicable Vesting Date; (ii) the occurrence of a Change in Control that is also a "change in the ownership," a "change in the effective control," or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code; or (iii) the Grantee's "separation from service" within the meaning of Section 409A of the Code; and

(b) If the Restricted Share Units (and any related Dividend Equivalents) become payable as a result of the Grantee's separation from service (other than as a result of the Grantee's death) and the Grantee is a "specified employee" at that time within the meaning of Section 409A of the Code (as determined pursuant to the Company's policy for identifying specified employees), the Company will deliver the Shares underlying the vested Restricted Share Units and pay any related Dividend Equivalents to the Grantee on the first business day that is at least six months after the date of the Grantee's separation from service (or upon the Grantee's death if the Grantee dies before the end of that six-month period).

15. Amendments. Subject to the terms of the Plan, the Committee may modify this Agreement upon written notice to the Grantee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Notwithstanding the foregoing, no amendment of the Plan or this Agreement shall adversely affect in a material way the rights of the Grantee under this Agreement without the Grantee's consent unless the Committee determines, in good faith, that such amendment is required for the Agreement to either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, or as otherwise may be provided in the Plan.

16. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

17. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. Except with respect to the provisions of the Restrictive Covenants Agreement and of any separately executed covenant not to compete with the Company expressly referenced herein, this Agreement and the Plan contain the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersede all prior written or oral communications, representations and negotiations in respect thereto. Except as otherwise provided in Section 8 hereof, in the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern.

The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions that arise in connection with the grant of Restricted Share Units.

18. Successors and Assigns. Without limiting Section 5, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

19. Governing Law. Except as otherwise provided in Section 8 hereof, the interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

20. Use of Grantee's Information. Information about the Grantee and the Grantee's participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. The Grantee understands that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third-party administrators whether such persons are located within the Grantee's country or elsewhere, including the United States of America. The Grantee consents to the processing of information relating to the Grantee and the Grantee's participation in the Plan in any one or more of the ways referred to above.

21. Electronic Delivery. The Grantee hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Grantee understands that, unless earlier revoked by the Grantee by giving written notice to the Director of Financial Reporting of the Company, this consent shall be effective for the duration of the Agreement. The Grantee also understands that he or she shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. The Grantee hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Grantee consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

22. No Fractional Shares. Fractional Shares or units will be subject to rounding conventions adopted by the Company from time to time; provided that in no event will the total shares issued exceed the total units granted under this award.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Date of Grant.

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

By: _____
Name: Tracy D. Pagliara
Title: President and Chief Executive Officer

By executing this Agreement, you acknowledge that a copy of the Plan, Plan Summary and Prospectus, and the Company's most recent Annual Report and Proxy Statement (the "Prospectus Information") either have been received by you or are available for viewing on the Company's intranet site, and you consent to receiving this Prospectus Information electronically, or, in the alternative, agree to contact Korey Daniel, CPA, Director of Financial Reporting, at 770.879.4405, to request a paper copy of the Prospectus Information at no charge.

[•]

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Tracy D. Pagliara, certify that:

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

Date: May 12, 2022

By: /s/ Tracy D. Pagliara

Tracy D. Pagliara
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Damien A. Vassall, certify that:

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

Date: May 12, 2022

By: /s/ Damien A. Vassall

Damien A. Vassall
Vice President and Chief Financial Officer

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Tracy D. Pagliara, the President and Chief Executive Officer of Williams Industrial Services Group Inc. (the “**Company**”), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended March 31, 2022 (the “**Report**”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

By: /s/ Tracy D. Pagliara

Tracy D. Pagliara
President and Chief Executive Officer

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

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Damien A. Vassall the Vice President and Chief Financial Officer of Williams Industrial Services Group Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended March 31, 2022 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

By: /s/ Damien A. Vassall

Damien A. Vassall

Vice President and Chief Financial Officer

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