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

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 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. 1-15461

MATRIX SERVICE COMPANY
(Exact name of registrant as specified in its charter)

Delaware	**73-1352174**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

5100 East Skelly Drive, Suite 500, Tulsa, Oklahoma 74135
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (918) 838-8822

Not Applicable
(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	MTRX	NASDAQ Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 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 26,790,514 shares of the Company's common stock, $0.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Matrix Service Company
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue	$ 177,003	$ 148,260	$ 507,061	$ 498,499
Cost of revenue	178,766	146,700	509,125	467,276
Gross profit (loss)	(1,763)	1,560	(2,064)	31,223
Selling, general and administrative expenses	17,041	17,179	49,592	52,031
Goodwill impairment (Note 4)	18,312	—	18,312	—
Restructuring costs (Note 10)	(1,578)	1,860	(278)	6,585
Operating loss	(35,538)	(17,479)	(69,690)	(27,393)
Other income (expense):				
Interest expense (Note 5)	(204)	(322)	(2,705)	(1,055)
Interest income	19	25	69	96
Other	677	(157)	534	1,849
Loss before income tax expense (benefit)	(35,046)	(17,933)	(71,792)	(26,503)
Provision (benefit) for federal, state and foreign income taxes	(147)	(5,060)	5,564	(6,002)
Net loss	$ (34,899)	$ (12,873)	$ (77,356)	$ (20,501)
Basic loss per common share	$ (1.30)	$ (0.49)	$ (2.90)	$ (0.78)
Diluted loss per common share	$ (1.30)	$ (0.49)	$ (2.90)	$ (0.78)
Weighted average common shares outstanding:				
Basic	26,783	26,515	26,714	26,422
Diluted	26,783	26,515	26,714	26,422

See accompanying notes.

Matrix Service Company
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Net loss	$ (34,899)	$ (12,873)	$ (77,356)	$ (20,501)
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss) (net of tax expense (benefit) of $(16) and $30 for the three and nine months ended March 31, 2022, respectively, and $(33) and $20 for the three and nine months ended March 31, 2021, respectively)	(32)	68	(728)	1,291
Comprehensive loss	$ (34,931)	$ (12,805)	$ (78,084)	$ (19,210)

See accompanying notes.

Matrix Service Company
Condensed Consolidated Balance Sheets
(In thousands)
(unaudited)

	March 31, 2022	June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents (Note 1)	$ 34,092	$ 83,878
Accounts receivable, less allowances (March 31, 2022—$634 and June 30, 2021—$898)	137,690	148,030
Costs and estimated earnings in excess of billings on uncompleted contracts	46,393	30,774
Inventories	6,907	7,342
Income taxes receivable	13,734	16,965
Other current assets	7,322	4,230
Total current assets	246,138	291,219
Property, plant and equipment at cost:		
Land and buildings	41,745	41,633
Construction equipment	93,862	94,453
Transportation equipment	49,532	50,510
Office equipment and software	43,447	42,706
Construction in progress	564	493
Total property, plant and equipment - at cost	229,150	229,795
Accumulated depreciation	(168,672)	(160,388)
Property, plant and equipment - net	60,478	69,407
Restricted cash (Note 1)	25,000	—
Operating lease right-of-use assets	20,811	22,412
Goodwill	42,240	60,636
Other intangible assets, net of accumulated amortization	5,228	6,614
Deferred income taxes	—	5,295
Other assets, non-current	13,185	11,973
Total assets	$ 413,080	$ 467,556

See accompanying notes.

Matrix Service Company
Condensed Consolidated Balance Sheets
(In thousands, except share data)
(unaudited)

	March 31, 2022	June 30, 2021
Liabilities and stockholders’ equity		
Current liabilities:		
Accounts payable	$ 68,161	$ 60,920
Billings on uncompleted contracts in excess of costs and estimated earnings	73,868	53,832
Accrued wages and benefits	23,073	21,008
Accrued insurance	6,310	6,568
Operating lease liabilities	4,928	5,747
Other accrued expenses	3,841	5,327
Total current liabilities	180,181	153,402
Deferred income taxes	32	34
Operating lease liabilities	19,630	20,771
Other liabilities, non-current	401	7,810
Total liabilities	200,244	182,017
Commitments and contingencies		
Stockholders’ equity:		
Common stock—$.01 par value; 60,000,000 shares authorized; 27,888,217 shares issued as of March 31, 2022 and June 30, 2021; 26,783,265 and 26,549,438 shares outstanding as of March 31, 2022 and June 30, 2021, respectively	279	279
Additional paid-in capital	137,886	137,575
Retained earnings	97,822	175,178
Accumulated other comprehensive loss	(7,477)	(6,749)
	228,510	306,283
Less: Treasury stock, at cost — 1,104,952 shares as of March 31, 2022, and 1,338,779 shares as of June 30, 2021	(15,674)	(20,744)
Total stockholders' equity	212,836	285,539
Total liabilities and stockholders’ equity	$ 413,080	$ 467,556

See accompanying notes.

Matrix Service Company
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Nine Months Ended	
	March 31, 2022	March 31, 2021
Operating activities:		
Net loss	$ (77,356)	$ (20,501)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	11,557	13,639
Goodwill impairment	18,312	—
Stock-based compensation expense	5,823	6,413
Operating lease impairment due to restructuring	—	454
Deferred income tax	5,323	1,468
Gain on sale of property, plant and equipment	(674)	(1,123)
Provision for uncollectible accounts	52	(38)
Accelerated amortization of deferred debt amendment fees (Note 5)	1,518	—
Other	103	317
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable	10,288	2,610
Costs and estimated earnings in excess of billings on uncompleted contracts	(15,619)	21,584
Inventories	435	243
Other assets and liabilities	(2,769)	(17,825)
Accounts payable	7,188	(22,966)
Billings on uncompleted contracts in excess of costs and estimated earnings	20,036	(4,394)
Accrued expenses	(6,734)	6,907
Net cash used by operating activities	(22,517)	(13,212)
Investing activities:		
Capital expenditures	(1,335)	(3,897)
Proceeds from asset sales	1,250	1,784
Net cash used by investing activities	$ (85)	$ (2,113)

See accompanying notes.

Matrix Service Company
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Nine Months Ended	
	March 31, 2022	March 31, 2021
Financing activities:		
Advances under senior secured revolving credit facility	$ —	$ 1,125
Repayments of advances under senior secured revolving credit facility	—	(10,913)
Payment of debt amendment fees	(1,054)	(924)
Issuances of common stock	199	92
Proceeds from issuance of common stock under employee stock purchase plan	212	230
Repurchase of common stock for payment of statutory taxes due on equity-based compensation	(853)	(1,554)
Other	(354)	(236)
Net cash used by financing activities	(1,850)	(12,180)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(334)	1,220
Decrease in cash, cash equivalents and restricted cash	(24,786)	(26,285)
Cash, cash equivalents and restricted cash, beginning of period (Note 1)	83,878	100,036
Cash, cash equivalents and restricted cash, end of period (Note 1)	$ 59,092	$ 73,751
Supplemental disclosure of cash flow information:		
Cash paid (received) during the period for:		
Income taxes	$ (2,841)	$ 200
Interest, including payment of debt amendment fees	$ 2,509	$ 1,404
Non-cash investing and financing activities:		
Purchases of property, plant and equipment on account	$ 99	$ 33

See accompanying notes.

Matrix Service Company
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except share data)
(unaudited)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balances, December 31, 2021	$ 279	$ 135,913	$ 132,721	$ (15,858)	$ (7,445)	$ 245,610
Net loss	—	—	(34,899)	—	—	(34,899)
Other comprehensive loss	—	—	—	—	(32)	(32)
Treasury shares sold to Employee Stock Purchase Plan (9,290 shares)	—	(115)	—	184	—	69
Stock-based compensation expense	—	2,088	—	—	—	2,088
Balances, March 31, 2022	$ 279	$ 137,886	$ 97,822	$ (15,674)	$ (7,477)	$ 212,836
Balances, December 31, 2020	$ 279	$ 133,957	$ 198,774	$ (21,571)	$ (7,150)	$ 304,289
Net loss	—	—	(12,873)	—	—	(12,873)
Other comprehensive income	—	—	—	—	68	68
Exercise of stock options (9,000 shares)	—	(68)	—	160	—	92
Issuance of deferred shares (900 shares)	—	(16)	—	16	—	—
Treasury shares sold to Employee Stock Purchase Plan (6,785 shares)	—	(45)	—	120	—	75
Treasury shares purchased to satisfy tax withholding obligations (428 shares)	—	—	—	(5)	—	(5)
Stock-based compensation expense	—	2,214	—	—	—	2,214
Balances, March 31, 2021	$ 279	$ 136,042	$ 185,901	$ (21,280)	$ (7,082)	$ 293,860

Matrix Service Company
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except share data)
(unaudited)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balances, June 30, 2021	$ 279	$ 137,575	$ 175,178	$ (20,744)	$ (6,749)	$ 285,539
Net loss	—	—	(77,356)	—	—	(77,356)
Other comprehensive loss	—	—	—	—	(728)	(728)
Exercise of stock options (19,550 shares)	—	(189)	—	388	—	199
Issuance of deferred shares (268,403 shares)	—	(5,102)	—	5,102	—	—
Treasury shares sold to Employee Stock Purchase Plan (22,577 shares)	—	(221)	—	433	—	212
Treasury shares purchased to satisfy tax withholding obligations (76,703 shares)	—	—	—	(853)	—	(853)
Stock-based compensation expense	—	5,823	—	—	—	5,823
Balances, March 31, 2022	$ 279	$ 137,886	$ 97,822	$ (15,674)	$ (7,477)	$ 212,836
Balances, June 30, 2020	$ 279	$ 138,966	$ 206,402	$ (29,385)	$ (8,373)	$ 307,889
Net loss	—	—	(20,501)	—	—	(20,501)
Other comprehensive income	—	—	—	—	1,291	1,291
Exercise of stock options (9,000 shares)	—	(68)	—	160	—	92
Issuance of deferred shares (515,218 shares)	—	(9,083)	—	9,083	—	—
Treasury shares sold to Employee Stock Purchase Plan (24,100 shares)	—	(186)	—	416	—	230
Treasury shares purchased to satisfy tax withholding obligations (170,629 shares)	—	—	—	(1,554)	—	(1,554)
Stock-based compensation expense	—	6,413	—	—	—	6,413
Balances, March 31, 2021	$ 279	$ 136,042	$ 185,901	$ (21,280)	$ (7,082)	$ 293,860

Matrix Service Company
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements include the accounts of Matrix Service Company and its subsidiaries ("Matrix", "we", "our", "us", "its" or the "Company"), unless otherwise indicated. Intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission and do not include all information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. The information furnished reflects all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair statement of the results of operations, cash flows and financial position for the interim periods presented. The accompanying condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2021, included in our Annual Report on Form 10-K for the year then ended. The results of operations for the three and nine months ended March 31, 2022 may not necessarily be indicative of the results of operations for the full year ending June 30, 2022.

Significant Accounting Policies

We updated our significant accounting policies as a result of entering into an asset-backed credit agreement (the "ABL Facility"), which requires us to maintain a restricted cash balance (See Note 5 - Debt for more information about the ABL Facility). Our other significant accounting policies are detailed in "Note 1 - Summary of Significant Accounting Policies" of our Annual Report on Form 10-K for the year ended June 30, 2021.

Cash, Cash Equivalents and Restricted Cash

The ABL Facility requires us to maintain a minimum of $25.0 million of restricted cash at all times. Since this cash must be restricted through the maturity date of the ABL Facility, which is beyond one year, we have classified this restricted cash as non-current in our Condensed Consolidated Balance Sheets. During the third quarter, restrictions were released on $2.6 million of cash that supported a prior purchase card program.

The following table provides a reconciliation of cash, cash equivalents and restricted cash in the Condensed Consolidated Balance Sheets to the total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows (in thousands):

	March 31, 2022	June 30, 2021
Cash and cash equivalents	$ 34,092	$ 83,878
Restricted cash	25,000	—
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows	$ 59,092	$ 83,878

Note 2 – Revenue

Remaining Performance Obligations

We had $433.6 million of remaining performance obligations yet to be satisfied as of March 31, 2022. We expect to recognize $368.9 million of our remaining performance obligations as revenue within the next twelve months.

Matrix Service Company
Notes to Condensed Consolidated Financial Statements
(unaudited)

Contract Balances

Contract terms with customers include the timing of billing and payments, which usually differs from the timing of revenue recognition. As a result, we carry contract assets and liabilities in our balance sheet. These contract assets and liabilities are calculated on a contract-by-contract basis and reported on a net basis at the end of each period and are classified as current. We present our contract assets in the balance sheet as Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts ("CIE"). CIE consists of revenue recognized in excess of billings. We present our contract liabilities in the balance sheet as Billings on Uncompleted Contracts in Excess of Costs and Estimated Earnings ("BIE"). BIE consists of billings in excess of revenue recognized. The following table provides information about CIE and BIE:

	March 31, 2022	June 30, 2021	Change
		(in thousands)	
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 46,393	$ 30,774	$ 15,619
Billings on uncompleted contracts in excess of costs and estimated earnings	(73,868)	(53,832)	(20,036)
Net contract liabilities	$ (27,475)	$ (23,058)	$ (4,417)

The difference between the beginning and ending balances of our CIE and BIE primarily results from the timing of revenue recognized relative to its billings. The amount of revenue recognized during the nine months ended March 31, 2022 that was included in the June 30, 2021 BIE balance was $48.2 million. This revenue consists primarily of work performed during the period on contracts with customers that had advance billings.

Progress billings in accounts receivable at March 31, 2022 and June 30, 2021 included retentions to be collected within one year of $14.1 million and $19.9 million, respectively. Contract retentions collectible beyond one year are included in other assets, non-current in the Condensed Consolidated Balance Sheet and totaled $2.8 million as of March 31, 2022 and $3.1 million as of June 30, 2021.

Disaggregated Revenue

Revenue disaggregated by reportable segment is presented in Note 9 - Segment Information. The following tables presents revenue disaggregated by geographic area where the work was performed and by contract type:

Geographic Disaggregation:

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(In thousands)		
United States	$ 160,453	$ 138,001	$ 459,654	$ 445,578
Canada	16,268	8,930	45,038	47,673
Other international	282	1,329	2,369	5,248
Total Revenue	$ 177,003	$ 148,260	$ 507,061	$ 498,499

Contract Type Disaggregation:

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(In thousands)		
Fixed-price contracts	$ 100,602	$ 96,412	$ 303,508	$ 343,639
Time and materials and other cost reimbursable contracts	76,401	51,848	203,553	154,860
Total Revenue	$ 177,003	$ 148,260	$ 507,061	$ 498,499

Typically, we assume more risk with fixed-price contracts since increases in costs to perform the work may not be recoverable. However, these types of contracts typically offer higher profits than time and materials and other cost reimbursable contracts when completed at or below the costs originally estimated. The profitability of time and materials and other cost reimbursable contracts is typically lower than fixed-price contracts and is usually less volatile than fixed-price contracts since the profit component is factored into the rates charged for labor, equipment and materials, or is expressed in the contract as a percentage of the reimbursable costs incurred.

Revisions in Estimates

Our results of operations were materially impacted by an increase in the forecasted costs to complete a midstream gas processing project in the Process and Industrial Facilities segment, which resulted in a decrease in gross profit of $4.8 million in the three and nine months ended March 31, 2022. The increase in forecasted costs was primarily due to performance of a, now terminated, subcontractor, which will require rework in order to meet our client's expectations.

Our results of operations were materially impacted by changes in the forecasted costs to complete a large capital project in the Utility and Power Infrastructure segment. Improved project execution resulted in an increase in gross profit of $0.8 million during the three months ended March 31, 2022. However, increases in the forecasted costs to complete the project during the first half of fiscal 2022 resulted in the project reducing gross profit by $5.1 million during the nine months ended March 31, 2022. The increase in forecasted costs during the first half of the fiscal year was principally due to unexpected equipment repairs during commissioning that delayed the scheduled completion and increased the estimated costs to complete. We achieved a critical performance milestone during the second quarter of fiscal 2022, which significantly reduced our financial exposure on the project. We expect to complete the project during the fourth quarter of fiscal 2022.

Our results of operations were materially impacted by an increase in the costs required to complete a thermal energy storage tank repair and maintenance project in the Storage and Terminal Solutions segment, which resulted in a decrease in gross profit of $5.5 million in the first half of fiscal 2022. The increase in costs was primarily due to changes in repair scope, expanded client weld testing and associated schedule delays. We expect to complete these repairs in the fourth quarter of fiscal 2022.

Note 3 – Leases

We enter into lease arrangements for real estate, construction equipment and information technology equipment in the normal course of business. Real estate leases accounted for approximately 96% of all right-of-use assets as of March 31, 2022. Most real estate and information technology equipment leases generally have fixed payments that follow an agreed upon payment schedule and have remaining lease terms ranging from less than one year to 14 years. Construction equipment leases generally have "month-to-month" lease terms that automatically renew as long as the equipment remains in use.

The components of lease expense in the Condensed Consolidated Statements of Income are as follows:

		Three Months Ended		Nine Months Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Lease expense	**Location of Expense**	(in thousands)			
Operating lease expense	Cost of revenue and Selling, general and administrative expenses	$ 1,867	$ 1,743	$ 5,837	$ 6,542
Short-term lease expense[(1)]	Cost of revenue	6,216	6,772	17,079	19,020
Total lease expense		$ 8,083	$ 8,515	$ 22,916	$ 25,562

(1) Primarily represents the lease expense of construction equipment that is subject to month-to-month rental agreements with expected rental durations of less than one year.

Matrix Service Company
Notes to Condensed Consolidated Financial Statements
(unaudited)

The future undiscounted lease payments, as reconciled to the discounted operating lease liabilities presented in our Condensed Consolidated Balance Sheets, were as follows:

	March 31, 2022
Maturity Analysis:	(in thousands)
Remainder of Fiscal 2022	$ 1,745
Fiscal 2023	5,211
Fiscal 2024	3,978
Fiscal 2025	3,483
Fiscal 2026	3,187
Thereafter	11,843
Total future operating lease payments	29,447
Imputed interest	(4,889)
Net present value of future lease payments	24,558
Less: current portion of operating lease liabilities	4,928
Non-current operating lease liabilities	$ 19,630

The following is a summary of the weighted average remaining operating lease term and weighted average discount rate as of March 31, 2022:

Weighted-average remaining lease term (in years)	7.2 years
Weighted-average discount rate	5.2 %

Supplemental cash flow information related to leases is as follows:

	Nine Months Ended March 31, 2022
	(in thousands)
Cash paid for amounts included in the measurement of lease liabilities:	
Operating lease payments	$ 6,197
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	$ 3,065

Note 4 – Goodwill and Other Intangible Assets

Goodwill

The changes in the carrying value of goodwill by segment are as follows:

	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Total
	(In thousands)			
Net balance at June 30, 2021	$ 6,984	$ 26,878	$ 26,774	$ 60,636
Goodwill impairment	(2,659)	(8,445)	(7,208)	(18,312)
Translation adjustment[(1)]	(27)	(6)	(51)	(84)
Net balance at March 31, 2022	$ 4,298	$ 18,427	$ 19,515	$ 42,240

(1) The translation adjustments relate to the periodic translation of Canadian Dollar and South Korean Won denominated goodwill recorded as a part of prior acquisitions in Canada and South Korea, in which the local currency was determined to be the functional currency.

Matrix Service Company
Notes to Condensed Consolidated Financial Statements
(unaudited)

In the third quarter, we concluded that goodwill impairment indicators existed based on the decline in the price of our stock and operating results that have underperformed our forecasts during the year. Accordingly, we performed an interim impairment test as of March 31, 2022 and concluded that there was $18.3 million of total impairment to goodwill, which was recorded as follows:

- $8.4 million in the Process and Industrial Facilities segment;
- $7.2 million in the Storage and Terminal Solutions segment; and
- $2.7 million in the Utility and Power Infrastructure segment.

The estimated fair value of each segment was derived by utilizing a discounted cash flow analysis. The key assumptions used are described in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Policies, Goodwill.

Other Intangible Assets

Information on the carrying value of other intangible assets is as follows:

		At March 31, 2022		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Years)		(In thousands)	
Intellectual property	10 to 15	$ 2,483	$ (2,159)	$ 324
Customer-based	6 to 15	17,274	(12,370)	4,904
Total amortizing intangible assets		$ 19,757	$ (14,529)	$ 5,228

		At June 30, 2021		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Years)		(In thousands)	
Intellectual property	10 to 15	$ 2,483	$ (2,031)	$ 452
Customer-based	6 to 15	17,354	(11,192)	6,162
Total amortizing intangible assets		$ 19,837	$ (13,223)	$ 6,614

Amortization expense totaled $0.4 million and $1.4 million during the three and nine months ended March 31, 2022, respectively; and $0.6 million and $1.7 million during the three and nine months ended March 31, 2021, respectively.

We estimate that the remaining amortization expense related to March 31, 2022 amortizing intangible assets will be as follows (in thousands):

Period ending:	
Remainder of Fiscal 2022	$ 432
Fiscal 2023	1,729
Fiscal 2024	1,416
Fiscal 2025	1,096
Fiscal 2026	555
Total estimated remaining amortization expense at March 31, 2022	$ 5,228

Note 5 – Debt

ABL Credit Facility

On September 9, 2021, we and our primary U.S. and Canada operating subsidiaries entered into an asset-backed credit agreement (the "ABL Facility") as borrowers with Bank of Montreal, as Administrative Agent, Swing-Line Lender, a Letter of Credit Issuer and a Lender. The ABL Facility is guaranteed by substantially all of our remaining U.S. and Canadian subsidiaries. The ABL Facility provides for available borrowings of up to $100.0 million, which may be increased further by an amount not to exceed $15.0 million, subject to certain conditions, including obtaining additional commitments. The ABL Facility is intended to be used for working capital, capital expenditures, issuances of letters of credit and other lawful purposes. Our obligations under the ABL Facility are secured by a first lien on all our assets and the assets of our co-borrowers and guarantors under the ABL Facility.

The maximum amount that we may borrow under the ABL Facility is subject to a borrowing base, which is based on restricted cash plus a percentage of the value of certain accounts receivable, inventory and equipment, reduced for certain reserves. We are required to maintain a minimum of $25.0 million of restricted cash at all times, but such amounts are also included in the borrowing base. The ABL Facility matures and any outstanding amounts become due and payable on September 9, 2026.

At March 31, 2022, our borrowing base was $76.4 million and we had $23.7 million in letters of credit outstanding issued by Bank of Montreal, which resulted in availability of $52.7 million under the ABL Facility.

Borrowings under the ABL Facility bear interest through maturity at a variable rate based upon, at our option, an annual rate equal to any of a base rate ("Base Rate"), Canadian prime rate, CDOR rate or a LIBOR rate, plus an applicable margin. The Base Rate is defined as a fluctuating interest rate equal to the greatest of (i) rate of interest announced by Bank of Montreal from time to time as its prime rate; (ii) the U.S. federal funds rate plus 0.50%; (iii) LIBOR rate for one month period plus 1.00%; and (iv) 1.00%. Depending on the amount of average availability, the applicable margin is between 1.00% to 1.50% for either U.S. Base Rate Loans or Canadian prime rate, and between 2.00% and 2.50% for CDOR and LIBOR rate borrowings. Interest is payable either (i) monthly for Base Rate borrowings or (ii) the last day of the interest period for LIBOR or CDOR rate borrowings, as set forth in the Credit Agreement. The fee for undrawn amounts is 0.25% per annum and is due quarterly.

The ABL Facility contains customary conditions to borrowings, events of default and covenants, including, but not limited to, covenants that restrict our ability to sell assets, engage in mergers and acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay cash dividends, issue equity instruments, make distribution or redeem or repurchase capital stock. In the event that our availability is less than the greater of (i) $15.0 million and (ii) 15.00% of the commitments under the ABL Facility then in effect, a consolidated Fixed Charge Coverage Ratio of at least 1.00 to 1.00 must be maintained. We are in compliance with all covenants of the ABL Facility as of March 31, 2022.

Senior Secured Revolving Credit Facility

The ABL Facility replaced the Fifth Amended and Restated Credit Agreement (the "Prior Credit Agreement"), that was entered into on November 2, 2020, and subsequently amended on May 4, 2021, by and among us and certain foreign subsidiaries, as Borrowers, various subsidiaries of ours, as Guarantors, JPMorgan, as Administrative Agent, Sole Lead Arranger and Sole Book Runner, and the other Lenders party thereto. The Prior Credit Agreement provided for a three-year senior secured revolving credit facility of $200.0 million that was set to expire November 2, 2023. We had no borrowings and $41.3 million of letters of credit outstanding under the Prior Credit Agreement as of the date we commenced the ABL Facility. Interest expense during the nine months ended March 31, 2022 included $1.5 million of accelerated amortization of deferred debt amendment fees associated with the Prior Credit Agreement.

Note 6 – Income Taxes

Effective Tax Rate

Our effective tax rates were 0.4% and (7.8)% for the three and nine months ended March 31, 2022, compared to 28.2% and 22.6% during the three and nine months ended March 31, 2021, respectively. The effective tax rates during fiscal 2022 were impacted by a $14.2 million valuation allowance placed on our deferred tax assets during the second quarter. The tax benefit resulting from additional losses during the three months ended March 31, 2022 was offset by additional valuation allowances of $7.7 million. The income tax benefit recorded for the three months ended March 31, 2022 was the result of a change in estimate of our uncertain tax positions. The effective tax rates were negatively impacted by $1.9 million of valuation allowances on certain deferred tax assets in the third quarter of fiscal 2021, and $1.2 million of other deferred tax adjustments in the first half of fiscal 2021.

In determining the need for a valuation allowance on deferred tax assets, the accounting standards provide that the existence of a cumulative loss over a three-year period generally precludes the use of management's projections of future taxable income. Consequently, we have recorded a full valuation allowance against the deferred tax assets in the U.S. taxable jurisdiction in the amount of $21.9 million during fiscal 2022. These assets are primarily comprised of federal net operating losses, which have an indefinite carryforward, federal tax credits and state net operating losses. To the extent the Company generates taxable income in the future, or cumulative losses are no longer present and our future projections for growth or tax planning strategies are demonstrated, we will realize the benefit associated with the net operating losses for which the valuation allowance has been provided.

Net Operating Loss Carryback Refund

Through provisions in the CARES Act, we had an income tax benefit from the ability to carryback the fiscal 2021 federal net operating loss to a period with a higher statutory federal income tax rate. We estimate that we will receive a $12.6 million tax refund in connection with this carryback, which is included in income taxes receivable in the Condensed Consolidated Balance Sheets.

Refund of Overpayment of Estimated Taxes

In January 2022, we received a $2.4 million tax refund in connection with overpayments of estimated taxes from prior years.

Deferred Payroll Taxes

As of March 31, 2022, we have a balance of $5.6 million remaining on U.S. payroll taxes we deferred through provisions of CARES Act. We paid half of the original deferred payroll tax balance during the second quarter of fiscal 2022 and must repay the remaining balance by December 31, 2022. The remaining balance of deferred payroll taxes is included within accrued wages and benefits in the Condensed Consolidated Balance Sheets.

Note 7 – Commitments and Contingencies

Insurance Reserves

We maintain insurance coverage for various aspects of our operations. However, we retain exposure to potential losses through the use of deductibles, self-insured retentions and coverage limits.

Typically, our contracts require us to indemnify our customers for injury, damage or loss arising from the performance of our services and provide warranties for materials and workmanship. We may also be required to name the customer as an additional insured up to the limits of insurance available, or we may be required to purchase special insurance policies or surety bonds for specific customers or provide letters of credit in lieu of bonds to satisfy performance and financial guarantees on some projects. We maintain a performance and payment bonding line sufficient to support the business. We generally require our subcontractors to indemnify us and our customer and name us as an additional insured for activities arising out of the subcontractors' work. We also require certain subcontractors to provide additional insurance policies, including surety bonds in favor of us, to secure the subcontractors' work or as required by the subcontract.

There can be no assurance that our insurance and the additional insurance coverage provided by our subcontractors will fully protect us against a valid claim or loss under the contracts with our customers.

Unpriced Change Orders and Claims

Costs and estimated earnings in excess of billings on uncompleted contracts included revenues for unpriced change orders and claims of $9.3 million at March 31, 2022 and $14.6 million at June 30, 2021. The amounts ultimately realized may be significantly different than the recorded amounts resulting in a material adjustment to future earnings. Generally, collection of amounts related to unpriced change orders and claims is expected within twelve months. However, since customers may not pay these amounts until final resolution of related claims, collection of these amounts may extend beyond one year.

Other

During the third quarter of fiscal 2020, we commenced litigation in an effort to collect accounts receivable from an iron and steel customer following the deterioration of the relationship in the second quarter of fiscal 2020. The unpaid receivable balance at March 31, 2022 was $17.0 million. Litigation is unpredictable, however, based on the terms of the contract with this customer, we believe we are entitled to collect the full amount owed under the contract.

We and our subsidiaries are participants in various legal actions. It is the opinion of management that none of the other known legal actions will have a material impact on our financial position, results of operations or liquidity.

Note 8 – Earnings per Common Share

Basic earnings per share ("Basic EPS") is calculated based on the weighted average shares outstanding during the period. Diluted earnings per share ("Diluted EPS") includes the dilutive effect of stock options and nonvested deferred shares. In the event we report a loss, stock options and nonvested deferred shares are not included since they are anti-dilutive.

The computation of basic and diluted earnings per share is as follows:

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(In thousands, except per share data)			
Basic EPS:				
Net loss	$ (34,899)	$ (12,873)	$ (77,356)	$ (20,501)
Weighted average shares outstanding	26,783	26,515	26,714	26,422
Basic loss per share	$ (1.30)	$ (0.49)	$ (2.90)	$ (0.78)
Diluted EPS:				
Diluted weighted average shares	26,783	26,515	26,714	26,422
Diluted loss per share	$ (1.30)	$ (0.49)	$ (2.90)	$ (0.78)

Note 9 – Segment Information

We report our results of operations through three reportable segments: Utility and Power Infrastructure, Process and Industrial Facilities, and Storage and Terminal Solutions.

- **Utility and Power Infrastructure**: consists of power delivery services provided to investor-owned utilities, including construction of new substations, upgrades of existing substations, transmission and distribution line installations, upgrades and maintenance, as well as emergency and storm restoration services. We also provide engineering, fabrication, and construction services for LNG utility peak shaving facilities, and provide construction and maintenance services to a variety of power generation facilities, including natural gas fired facilities in simple or combined cycle configuration.

- **Process and Industrial Facilities**: primarily serves customers in the downstream and midstream petroleum industries who are engaged in refining crude oil and processing, fractionating, and marketing of natural gas and natural gas liquids. We also serve customers in various other industries such as petrochemical, sulfur, mining and minerals companies engaged primarily in the extraction of non-ferrous metals, aerospace and defense, cement, agriculture, and other industrial customers. Our services include plant maintenance, turnarounds, industrial cleaning services, engineering, fabrication, and capital construction.

- **Storage and Terminal Solutions**: consists of work related to aboveground crude oil and refined product storage tanks and terminals. We also include work related to cryogenic and other specialty storage tanks and terminals, including LNG, liquid nitrogen/liquid oxygen, liquid petroleum, hydrogen and other specialty vessels such as spheres in this segment, as well as work related to marine structures and truck and rail loading/offloading facilities. Our services include engineering, fabrication, construction, and maintenance and repair, which includes planned and emergency services for both tanks and full terminals. Finally, we offer tank products, including geodesic domes, aluminum internal floating roofs, floating suction and skimmer systems, roof drain systems and floating roof seals.

We evaluate performance and allocate resources based on operating income. We eliminate intersegment sales; therefore, no intercompany profit or loss is recognized. Corporate selling, general and administrative expenses are excluded from our three reportable segments in order to better align controllable costs with the responsibility of segment management, and to be consistent with how our chief operating decision-maker assesses segment performance and allocates resources.

Segment assets consist primarily of accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts, property, plant and equipment, right-of-use lease assets, goodwill and other intangible assets.

Matrix Service Company
Notes to Condensed Consolidated Financial Statements
(unaudited)

Results of Operations

(In thousands)

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Gross revenue				
Utility and Power Infrastructure	$ 59,341	$ 44,720	$ 171,298	$ 157,414
Process and Industrial Facilities	69,786	43,095	167,033	141,570
Storage and Terminal Solutions	49,254	61,542	175,174	204,572
Total gross revenue	$ 178,381	$ 149,357	$ 513,505	$ 503,556
Less: Inter-segment revenue				
Process and Industrial Facilities	$ 815	$ 261	$ 3,841	$ 1,543
Storage and Terminal Solutions	563	836	2,603	3,514
Total inter-segment revenue	$ 1,378	$ 1,097	$ 6,444	$ 5,057
Consolidated revenue				
Utility and Power Infrastructure	$ 59,341	$ 44,720	$ 171,298	$ 157,414
Process and Industrial Facilities	68,971	42,834	163,192	140,027
Storage and Terminal Solutions	48,691	60,706	172,571	201,058
Total consolidated revenue	$ 177,003	$ 148,260	$ 507,061	$ 498,499
Gross profit (loss)				
Utility and Power Infrastructure	$ (492)	$ (4,692)	$ (7,089)	$ 7,818
Process and Industrial Facilities	(441)	(171)	6,663	11,352
Storage and Terminal Solutions	(458)	6,423	(216)	12,053
Corporate	(372)	—	(1,422)	—
Total gross profit (loss)	$ (1,763)	$ 1,560	$ (2,064)	$ 31,223
Selling, general and administrative expenses				
Utility and Power Infrastructure	$ 2,910	$ 2,356	$ 9,109	$ 7,154
Process and Industrial Facilities	3,198	3,882	8,752	11,319
Storage and Terminal Solutions	4,063	4,792	12,850	13,854
Corporate	6,870	6,149	18,881	19,704
Total selling, general and administrative expenses	$ 17,041	$ 17,179	$ 49,592	$ 52,031
Goodwill impairment and restructuring costs				
Utility and Power Infrastructure	$ 2,659	$ 403	$ 2,705	$ 1,226
Process and Industrial Facilities	6,856	781	6,839	3,645
Storage and Terminal Solutions	7,219	590	7,293	1,244
Corporate	—	86	1,197	470
Total goodwill impairment and restructuring costs	$ 16,734	$ 1,860	$ 18,034	$ 6,585
Operating income (loss)				
Utility and Power Infrastructure	$ (6,061)	$ (7,451)	$ (18,903)	$ (562)
Process and Industrial Facilities	(10,495)	(4,834)	(8,928)	(3,612)
Storage and Terminal Solutions	(11,740)	1,041	(20,359)	(3,045)
Corporate	(7,242)	(6,235)	(21,500)	(20,174)
Total operating loss	$ (35,538)	$ (17,479)	$ (69,690)	$ (27,393)

Total assets by segment were as follows:

	March 31, 2022	June 30, 2021
Utility and Power Infrastructure	$ 108,071	$ 81,717
Process and Industrial Facilities	92,235	106,619
Storage and Terminal Solutions	133,969	160,782
Corporate	78,805	118,438
Total segment assets	$ 413,080	$ 467,556

Note 10 – Restructuring Costs

In fiscal 2020, we initiated a business improvement plan to increase profitability and reduce our cost structure in order to help us become more competitive and deliver higher quality service. As a result of specific events, including the effects of the COVID-19 pandemic and related market disruptions, the Company expanded its business improvement plan.

The business improvement plan consists of an initial phase of discretionary cost reductions, workforce reductions, reduction of capital expenditures and the reduction in size or closure of certain offices in order to increase the utilization of our staff and bring the cost structure of the business in line with revenue volumes. In fiscal 2022, we commenced a second phase of our plan to focus on centralization of support functions, including business development, accounting, human resources, procurement and project services into shared service centers. The restructuring costs consist primarily of severance costs, facility closure costs, consulting fees and other liabilities.

Matrix Service Company
Notes to Condensed Consolidated Financial Statements
(unaudited)

Restructuring costs under our business improvement plan are classified as follows:

	Three Months Ended		Nine Months Ended		Since Inception of Business Improvement Plan
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
			(In thousands)		
Utility and Power Infrastructure					
Severance and other personnel-related costs	$ —	$ 291	$ 45	$ 1,109	$ 2,584
Facility costs	—	112	—	117	348
Other intangible asset impairments	—	—	—	—	1,150
Other costs	—	—	1	—	1
Total Utility and Power Infrastructure	$ —	$ 403	$ 46	$ 1,226	$ 4,083
Process and Industrial Facilities					
Severance and other personnel-related costs	$ —	$ 315	$ (22)	$ 2,905	$ 9,096
Facility costs	12	264	13	279	3,201
Other intangible asset impairments	—	—	—	—	375
Other costs(1)	(1,601)	202	(1,597)	461	(1,171)
Total Process and Industrial Facilities	$ (1,589)	$ 781	$ (1,606)	$ 3,645	$ 11,501
Storage and Terminal Solutions					
Severance and other personnel-related costs	$ —	$ 423	$ 69	$ 1,076	$ 1,647
Facility costs	—	167	—	168	879
Other costs	11	—	16	—	16
Total Storage and Terminal Solutions	$ 11	$ 590	$ 85	$ 1,244	$ 2,542
Corporate					
Severance and other personnel-related costs	$ —	$ 3	$ 44	$ 164	$ 1,127
Facility costs	—	83	16	306	98
Other costs	—	—	1,137	—	1,137
Total Corporate	$ —	$ 86	$ 1,197	$ 470	$ 2,362
Restructuring Costs by Type:					
Severance and other personnel-related costs	$ —	$ 1,032	$ 136	$ 5,254	$ 14,454
Facility costs	12	626	29	870	4,526
Other intangible asset impairments	—	—	—	—	1,525
Other costs	(1,590)	202	(443)	461	(17)
Total restructuring costs	$ (1,578)	$ 1,860	$ (278)	$ 6,585	$ 20,488

(1) Other costs in the Process and Industrial Facilities segment consisted of a $1.6 million credit in the three and nine months ended March 31, 2022. The credit was due to a favorable settlement of a restructuring obligation related to our exit from the domestic iron and steel industry in fiscal 2020.

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

FORWARD-LOOKING STATEMENTS

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Form 10-Q which address activities, events or developments which we expect, believe or anticipate will or may occur in the future are forward-looking statements. The words "believes," "intends," "expects," "anticipates," "projects," "estimates," "predicts" and similar expressions are also intended to identify forward-looking statements.

These forward-looking statements include, among others, such things as:

- amounts and nature of future project awards, revenue and margins from each of our segments;
- our ability to generate sufficient cash from operations, access our credit facility, or raise cash in order to meet our short and long-term capital requirements;
- our ability to comply with the covenants in our credit agreement;
- the impact to our business of changes in crude oil, natural gas and other commodity prices;
- the impact of inflation on our operating expenses and our business operations;
- the likely impact of new or existing regulations or market forces on the demand for our services;
- the impact to our business of the COVID-19 pandemic;
- our expectations with respect to the likelihood of a future impairment; and
- expansion and other trends of the industries we serve.

These statements are based on certain assumptions and analyses we made in light of our experience and our historical trends, current conditions and expected future developments as well as other factors we believe are appropriate. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ materially from our expectations, including:

- any risk factors discussed in this Form 10-Q, Form 10-K for the fiscal year ended June 30, 2021, and in our other filings with the Securities and Exchange Commission;
- economic, market or business conditions in general and in the oil, natural gas, power, petrochemical, agricultural and mining industries in particular;
- the transition to renewable energy sources and its impact on our current customer base;
- the under- or over-utilization of our work force;
- delays in the commencement or progression of major projects, whether due to permitting issues or other factors;
- reduced creditworthiness of our customer base and the higher risk of non-payment of receivables due to volatility of crude oil, natural gas, and other commodity prices which affect our customers' businesses;
- the inherently uncertain outcome of current and future litigation;
- the adequacy of our reserves for claims and contingencies; and
- changes in laws or regulations, including the imposition, cancellation or delay of tariffs on imported goods.

Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business operations. We assume no obligation to update publicly, except as required by law, any such forward-looking statements, whether as a result of new information, future events or otherwise.

RESULTS OF OPERATIONS

Overview

We report our results of operations through three reportable segments: Utility and Power Infrastructure, Process and Industrial Facilities, and Storage and Terminal Solutions.

- **Utility and Power Infrastructure**: consists of power delivery services provided to investor-owned utilities, including construction of new substations, upgrades of existing substations, transmission and distribution line installations, upgrades and maintenance, as well as emergency and storm restoration services. We also provide engineering, fabrication, and construction services for LNG utility peak shaving facilities, and provide construction and maintenance services to a variety of power generation facilities, including natural gas fired facilities in simple or combined cycle configuration.

- **Process and Industrial Facilities**: primarily serves customers in the downstream and midstream petroleum industries who are engaged in refining crude oil and processing, fractionating, and marketing of natural gas and natural gas liquids. We also serve customers in various other industries such as petrochemical, sulfur, mining and minerals companies engaged primarily in the extraction of non-ferrous metals, aerospace and defense, cement, agriculture, and other industrial customers. Our services include plant maintenance, turnarounds, industrial cleaning services, engineering, fabrication, and capital construction.

- **Storage and Terminal Solutions**: consists of work related to aboveground crude oil and refined product storage tanks and terminals. We also include work related to cryogenic and other specialty storage tanks and terminals, including LNG, liquid nitrogen/liquid oxygen, liquid petroleum, hydrogen and other specialty vessels such as spheres in this segment, as well as work related to marine structures and truck and rail loading/offloading facilities. Our services include engineering, fabrication, construction, and maintenance and repair, which includes planned and emergency services for both tanks and full terminals. Finally, we offer tank products, including geodesic domes, aluminum internal floating roofs, floating suction and skimmer systems, roof drain systems and floating roof seals.

We evaluate performance and allocate resources based on operating income. We eliminate intersegment sales; therefore, no intercompany profit or loss is recognized. Corporate selling, general and administrative expenses are excluded from our three reportable segments in order to better align controllable costs with the responsibility of segment management, and to be consistent with how our chief operating decision-maker assesses segment performance and allocates resources.

Operational Update

Bidding activity and the volume of project awards have both improved as the economy emerges from the pandemic. However, we have not been able to generate enough revenue to fully recover construction overhead and SG&A costs despite the significant reductions in our cost structure. In addition, increased forecasted costs to complete certain projects have further pressured profitability during the fiscal year (see the discussion of our three and nine months results for more details).

In fiscal 2022, we commenced the second phase of our ongoing business improvement plan to focus on centralization of support functions, including business development, accounting, human resources, procurement and project services into shared service centers. Since the beginning of fiscal 2020, we estimate that we have reduced our cost structure by approximately $82 million, or approximately 30%, with approximately one-third of those reductions related to SG&A and the rest related to construction overhead, which is included in cost of revenue in the Condensed Consolidated Statements of Income. See Item 1. Financial Statements, Note 10 - Restructuring Costs, for more information about our business improvement plan.

Based on improving market conditions and strong bidding activity, we are expecting project awards to pick up in the fourth quarter and continue the momentum into fiscal 2023. We expect this to result in higher revenue volume, increased cost leverage and improved earnings in the future.

Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021

Consolidated

Consolidated revenue was $177.0 million for the three months ended March 31, 2022, compared to $148.3 million in the same period last year. On a segment basis, revenue increased in the Process and Industrial Facilities and Utility and Power Infrastructure segments by $26.1 million and $14.6 million, respectively. The increases were partially offset by a decrease in revenue of $12.0 million in the Storage and Terminal Solutions segment.

Consolidated gross profit (loss) decreased to ($1.8) million in the three months ended March 31, 2022 compared to $1.6 million in the same period last year. Gross margin (loss) decreased to (1.0%) in the three months ended March 31, 2022 compared to 1.1% in the same period last year. Gross margins in the third quarter of fiscal 2022 were negatively impacted by low revenue volume, which led to the under recovery of construction overhead costs and an increase in forecasted costs on a midstream gas processing project in the Process and Industrial Facilities segment. Gross margins in fiscal 2021 were largely impacted negatively by a lower than previously forecasted margin on a large capital project in the Utility and Power Infrastructure segment. These negative impacts were partially offset by increases in estimated recoveries on other completed capital projects.

Consolidated SG&A expenses were $17.0 million in the three months ended March 31, 2022 compared to $17.2 million in the same period a year earlier.

In the third quarter, we recorded $18.3 million of goodwill impairment. See Item 1. Financial Statements, Note 4 - Goodwill and Other Intangible Assets, for more information.

As a result of restructuring activities, we recorded a credit of $1.6 million to restructuring costs in the three months ended March 31, 2022. The credit was due to a favorable settlement of a restructuring obligation related to our exit from the domestic iron and steel industry in fiscal 2020. See Item 1. Financial Statements, Note 10 - Restructuring Costs, for more information.

Interest expense was $0.2 million in the three months ended March 31, 2022 compared to $0.3 million in the three months ended March 31, 2021. Interest expense in the three months ended March 31, 2022 consisted primarily of letter of credit fees, unused capacity fees and amortization of deferred debt issuance costs.

Our effective tax rates for the three months ended March 31, 2022 and March 31, 2021 were 0.4% and 28.2%, respectively. The effective tax rate during fiscal 2022 was impacted by valuation allowances of $7.7 million. The income tax benefit recorded for the three months ended March 31, 2022 was the result of a change in estimate of our uncertain tax positions. See Item 1. Financial Statements, Note 6 - Income Taxes, for more information about the valuation allowances. The effective tax rates were negatively impacted by $1.9 million of valuation allowances on certain deferred tax assets in the third quarter of fiscal 2021.

For the three months ended March 31, 2022, we had a net loss of $34.9 million, or $1.30 per fully diluted share, compared to a net loss of $12.9 million, or $0.49 per fully diluted share, in the three months ended March 31, 2021.

Utility and Power Infrastructure

Revenue for the Utility and Power Infrastructure segment was $59.3 million in the three months ended March 31, 2022 compared to $44.7 million in the same period last year. The increase is primarily due to higher volumes of power delivery and power generation work.

The segment gross margin (loss) was (0.8%) in fiscal 2022 compared to (10.5%) in fiscal 2021. The segment gross margin for the third quarter of fiscal 2022 was negatively impacted by low revenue volume, which led to the under recovery of construction overhead costs, an increase in forecasted cost on a capital project, and lower margins on capital work bid competitively.

The fiscal 2021 segment gross margin was negatively impacted by an increase in the forecasted costs to complete a large capital project.

Process and Industrial Facilities

Revenue for the Process and Industrial Facilities segment was $69.0 million in the three months ended March 31, 2022 compared to $42.8 million in the same period last year. The increase was primarily due to higher volumes of refinery maintenance and turnaround work.

The segment gross loss was (0.6%) for the three months ended March 31, 2022 compared to (0.4%) in the same period last year. The segment gross loss in the third quarter of fiscal 2022 was negatively impacted by an increase in forecasted costs to complete a midstream gas processing project, which resulted in a $4.8 million reduction to gross profit. The increase in forecasted costs was primarily due to performance of a, now terminated, subcontractor, which will require rework in order to meet our client's expectations. In addition, the mix of work, which was impacted by increased reimbursable maintenance activity also contributed to lower margins. The higher revenue led to improvement in the recovery of construction overhead costs, but the segment still had some under recovery that impacted the segment gross margin.

Project execution generally met our expectations in the third quarter of fiscal 2021. However, segment gross margin in the same period was negatively impacted by low volumes, which led to the under recovery of construction overhead costs, and an adjustment related to the Company's assessment of the amount due on a completed project.

Storage and Terminal Solutions

Revenue for the Storage and Terminal Solutions segment was $48.7 million in the three months ended March 31, 2022 compared to $60.7 million in the same period last year. The decrease in segment revenue is primarily a result of lower volumes of crude oil tank and terminal capital work, and tank repair and maintenance work.

The segment gross margin (loss) was (0.9%) for the three months ended March 31, 2022 compared to 10.6% in the same period last year. The fiscal 2022 segment gross margin was negatively impacted by low revenue volume, which led to under recovery of construction overhead costs, and smaller competitively priced capital projects.

The fiscal 2021 segment gross margin was positively impacted by additional estimated recoveries of unpriced change orders on a large crude oil terminal project following the achievement of mechanical completion and demobilization from the project site.

Corporate

Unallocated corporate expenses were $7.2 million during the three months ended March 31, 2022 compared to $6.2 million in the same period last year. The increase is primarily attributable to centralizing support costs under the second phase of our business improvement plan (see Item 1. Financial Statements, Note 10 - Restructuring Costs, and "Operational Update" in this Results of Operations section for more information).

Nine Months Ended March 31, 2022 Compared to the Nine Months Ended March 31, 2021

Consolidated revenue was $507.1 million for the nine months ended March 31, 2022, compared to $498.5 million in the same period last year. On a segment basis, revenue increased in the Process and Industrial Facilities and Utility and Power Infrastructure segments by $23.2 million and $13.9 million, respectively. The increases were partially offset by a decrease in revenue of $28.5 million in the Storage and Terminal Solutions segment.

Consolidated gross profit (loss) decreased to ($2.1) million in the nine months ended March 31, 2022 compared to $31.2 million in the same period last year. Gross margin (loss) decreased to (0.4%) in the nine months ended March 31, 2022 compared to 6.3% in the same period last year. Gross margins in fiscal 2022 were negatively impacted by low revenue volume, which led to the under recovery of construction overhead costs. In addition, the competitive environment and project adjustments negatively impacted gross margins. Gross margins in fiscal 2021 were negatively impacted by lower than forecasted volumes, which led to under recovery of construction overhead costs as well as a lower than previously forecasted margin on a large capital project in the Utility and Power Infrastructure segment.

Consolidated SG&A expenses were $49.6 million in the nine months ended March 31, 2022 compared to $52.0 million in the same period a year earlier. The decrease is primarily attributable to implemented cost reductions.

In the third quarter, we recorded $18.3 million of goodwill impairment. See Item 1. Financial Statements, Note 4 - Goodwill and Other Intangible Assets, for more information.

As a result of restructuring activities, we recorded ($0.3) million of restructuring costs in the nine months ended March 31, 2022. The credit included a $1.6 million favorable settlement of a restructuring obligation related to our exit from the domestic iron and steel industry in fiscal 2020. See Item 1. Financial Statements, Note 10 - Restructuring Costs, for more information.

Interest expense was $2.7 million in the nine months ended March 31, 2022 compared to $1.1 million in the nine months ended March 31, 2021. Interest expense in fiscal 2022 included $1.5 million of accelerated amortization of deferred debt amendment fees (see Item 1. Financial Statements, Note 5 - Debt, for more information). The remaining interest expense in fiscal 2022 was comprised of letter of credit fees, unused capacity fees and amortization of deferred debt issuance costs.

Our effective tax rates for the nine months ended March 31, 2022 and March 31, 2021 were (7.8%) and 22.6%, respectively. The effective tax rate during fiscal 2022 was impacted by a $21.9 million valuation allowance placed on our deferred tax assets. See Item 1. Financial Statements, Note 6 - Income Taxes, for more information about the valuation allowances. The effective tax rates were negatively impacted by $1.9 million of valuation allowances on certain deferred tax assets in the third quarter of fiscal 2021, and $1.2 million of other deferred tax adjustments in the first half of fiscal 2021.

For the nine months ended March 31, 2022, we had a net loss of $77.4 million, or $2.90 per fully diluted share, compared to a net loss of $20.5 million, or $0.78 per fully diluted share, in the nine months ended March 31, 2021.

Utility and Power Infrastructure

Revenue for the Utility and Power Infrastructure segment was $171.3 million in the nine months ended March 31, 2022 compared to $157.4 million in the same period last year. The increase is primarily due to higher volumes of power generation and power delivery work, partially offset by lower volumes of natural gas utility peak shaving and storm response service work.

The segment gross margin (loss) was (4.1%) in fiscal 2022 compared to 5.0% in fiscal 2021. The segment gross margin in fiscal 2022 was negatively impacted by low revenue volume, which led to the under recovery of construction overhead costs. In addition, the fiscal 2022 segment gross margin was materially impacted by changes in the forecasted costs to complete a large capital project. Improved execution during the third quarter of fiscal 2022 resulted in an increase in gross profit of $0.8 million on this project during the three months ended March 31, 2022. However, increases in the forecasted costs to complete the project during the first half of fiscal 2022 resulted in the project reducing gross profit by $5.1 million during the nine months ended March 31, 2022. The increase in forecasted costs during the first half of the fiscal year was principally due to unexpected equipment repairs during commissioning that delayed the scheduled completion and increased the estimated costs to complete. We achieved a critical performance milestone during the second quarter of fiscal 2022, which significantly reduced our financial exposure on the project. We expect to complete the project during the fourth quarter of fiscal 2022. In addition, segment gross margin was negatively impacted by an unfavorable settlement of a claim with a customer.

The fiscal 2021 segment gross margin was negatively impacted by an increase in the forecasted costs to complete a large capital project. In addition, segment gross margin was negatively impacted by low volumes, which led to the under recovery of construction overhead costs. These negative impacts were partially offset by good project execution in the remainder of the segment.

Process and Industrial Facilities

Revenue for the Process and Industrial Facilities segment was $163.2 million in the nine months ended March 31, 2022 compared to $140.0 million in the same period last year. The increase was primarily due to higher levels of refinery maintenance and turnaround work.

The segment gross margin was 4.1% for the nine months ended March 31, 2022 compared to 8.1% in the same period last year. Despite generally strong project execution and higher volumes, the segment gross margin in fiscal 2022 was negatively impacted by under recovered construction overhead costs and a $4.8 million increase in forecasted costs to complete a midstream gas processing project. The increase in forecasted costs was primarily due to performance of a, now terminated, subcontractor, which will require rework in order to meet our client's expectations.

Segment gross margin in fiscal 2021 was positively impacted by strong project execution and the positive impact of a one-time workers' compensation item recorded in the second quarter, but these positive impacts were partially offset by lower revenue volumes, which led to the under recovery of construction overhead costs.

Storage and Terminal Solutions

Revenue for the Storage and Terminal Solutions segment was $172.6 million in the nine months ended March 31, 2022 compared to $201.1 million in the same period last year. The decrease in segment revenue is primarily a result of lower volumes of crude oil tank and terminal capital work.

The segment gross margin (loss) was (0.1%) for the nine months ended March 31, 2022 compared to 6.0% in the same period last year. The fiscal 2022 segment gross margin was negatively impacted by low revenue volume, which led to under recovery of construction overhead costs and a lower than previously forecasted margin on a thermal energy storage tank repair and maintenance project due to changes in repair scope, expanded client weld testing and associated schedule delays, which reduced segment gross profit by $5.5 million. In addition, segment gross margin was negatively impacted by smaller competitively priced capital projects.

The fiscal 2021 segment gross margin was negatively impacted by increases in the costs to complete a large crude oil terminal project, partially offset by an increase in the estimated recovery of those costs.

Corporate

Unallocated corporate expenses were $21.5 million during the nine months ended March 31, 2022 compared to $20.2 million in the same period last year. The increase is primarily attributable to an increase in legal costs for outstanding litigation (see Item 1. Financial Statements, Note 7 - Commitment and Contingencies, for more information), third party consulting services and centralization of support costs related to restructuring activities (see "Operational Update" in this Results of Operations section), partially offset by cost reductions we implemented.

Backlog

We define backlog as the total dollar amount of revenue that we expect to recognize as a result of performing work that has been awarded to us through a signed contract, limited notice to proceed or other type of assurance that we consider firm. The following arrangements are considered firm:

- fixed-price awards;
- minimum customer commitments on cost plus arrangements; and
- certain time and material arrangements in which the estimated value is firm or can be estimated with a reasonable amount of certainty in both timing and amounts.

For long-term maintenance contracts with no minimum commitments and other established customer agreements, we include only the amounts that we expect to recognize as revenue over the next 12 months. For arrangements in which we have received a limited notice to proceed ("LNTP"), we include the entire scope of work in our backlog if we conclude that the likelihood of the full project proceeding as high. For all other arrangements, we calculate backlog as the estimated contract amount less revenue recognized as of the reporting date.

The following table provides a summary of changes in our backlog for the three months ended March 31, 2022:

	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Total
	(In thousands)			
Backlog as of December 31, 2021	$ 150,368	$ 250,970	$ 190,222	$ 591,560
Project awards	23,366	104,729	51,575	179,670
Revenue recognized	(59,341)	(68,971)	(48,691)	(177,003)
Backlog as of March 31, 2022	$ 114,393	$ 286,728	$ 193,106	$ 594,227
Book-to-bill ratio[1]	0.4	1.5	1.1	1.0

(1) Calculated by dividing project awards by revenue recognized during the period.

The following table provides a summary of changes in our backlog for the nine months ended March 31, 2022:

	Utility and Power Infrastructure	Process and Industrial Facilities	Storage and Terminal Solutions	Total
	(In thousands)			
Backlog as of June 30, 2021	$ 170,043	$ 134,777	$ 157,741	$ 462,561
Project awards	115,648	315,143	207,936	638,727
Revenue recognized	(171,298)	(163,192)	(172,571)	(507,061)
Backlog as of March 31, 2022	$ 114,393	$ 286,728	$ 193,106	$ 594,227
Book-to-bill ratio[1]	0.7	1.9	1.2	1.3

(1) Calculated by dividing project awards by revenue recognized during the period.

Strong bidding activity has led to project awards of $179.7 million and $638.7 million during the three and nine months ended March 31, 2022, respectively, leading to a book-to-bill ratios of 1.0 and 1.3 for the three and nine months ended March 31, 2022, respectively. Project awards through the first half of fiscal 2022 surpassed project awards for the full year of fiscal 2021. Total backlog increased by 0.5% and 28.5% during the three and nine months ended March 31, 2022, respectively.

In the Utility and Power Infrastructure segment, backlog decreased by 23.9% as we booked $23.4 million of project awards during the three months ended March 31, 2022. Backlog decreased by 32.7% as we booked $115.6 million of project awards during the nine months ended March 31, 2022. Bidding activity is strong in the power delivery portion of the business. During fiscal 2022, we received several key contracts for electrical infrastructure services including substation and transmission line rebuilds, relay upgrades, and fiber installation. Our opportunity pipeline for LNG peak shaving projects is also building, however those awards, while significant, can be less frequent. In addition, we expect the $1.2 trillion Infrastructure Investment and Jobs Act passed by congress will lead to increased opportunities in this segment.

In the Process and Industrial Facilities segment, backlog increased by 14.2% as we booked $104.7 million of project awards during the three months ended March 31, 2022. Backlog increased by 112.7% as we booked $315.1 million of project awards during the nine months ended March 31, 2022. Client spending related to refinery maintenance operations has returned to near-normal levels. During fiscal 2022, we received key awards for two thermal vacuum chamber projects, a midstream gas processing plant, a borate mining facility, and other renewable energy capital projects. We continue to see strong demand for thermal vacuum chambers in the coming quarters, as well as increasing opportunities in mining and minerals and chemicals. In addition, we are seeing more opportunities for midstream gas work, including some larger scale projects.

In the Storage and Terminal Solutions segment, backlog increased by 1.5% as we booked $51.6 million of project awards during the three months ended March 31, 2022. Backlog increased by 22.4% as we booked $207.9 million of project awards during the nine months ended March 31, 2022. Oil and natural gas producers have remained cautious with capital spending, which has limited new production volumes and opportunities in crude oil tanks and terminals. However, the price of crude oil increased significantly during the third quarter of fiscal 2022 primarily due to increased foreign supply pressures from the sanctions against Russia. While the impact of the price increase remains uncertain, if sustained, we expect it could strengthen our existing opportunities for crude oil tanks and terminals, and export facilities in the coming quarters. This segment also includes significant opportunities for storage infrastructure projects related to natural gas, LNG, ammonia, hydrogen, NGLs and other forms of renewable energy.

Project awards in all segments are cyclical and are typically the result of a sales process that can take several months or years to complete. It is common for awards to shift from one period to another as the timing of awards is dependent upon a number of factors including changes in market conditions, permitting, off take agreements, project financing and other factors. Backlog volatility may increase for some segments from time to time when individual project awards are less frequent, but more significant. The level of awards presented above only represents an interim period and may not be indicative of full year awards.

Seasonality and Other Factors

Our operating results can exhibit seasonal fluctuations, especially in our Process and Industrial Facilities segment, for a variety of reasons. Turnarounds and planned outages at customer facilities are typically scheduled in the spring and the fall when the demand for energy is lower. Within the Utility and Power Infrastructure segment, transmission and distribution work is generally scheduled by the public utilities when the demand for electricity is at its lowest. Therefore, revenue volume in the summer months is typically lower than in other periods throughout the year.

Our business can also be affected, both positively and negatively, by seasonal factors such as energy demand or weather conditions including hurricanes, snowstorms, wildfires and abnormally low or high temperatures. Some of these seasonal factors may cause some of our offices and projects to close or reduce activities temporarily. In addition to the above noted factors, the general timing of project starts and completions could exhibit significant fluctuations. Accordingly, results for any interim period may not necessarily be indicative of operating results for the full year.

Other factors impacting operating results in all segments come from decreased work volume during holidays, work site permitting delays or customers accelerating or postponing work. The differing types, sizes, and durations of our contracts, combined with their geographic diversity and stages of completion, often results in fluctuations in our operating results.

Our overhead cost structure is generally fixed. Significant fluctuations in revenue usually leads to over or under recovery of fixed overhead costs, which can have a material impact on our gross margin and profitability.

Non-GAAP Financial Measures

Adjusted Net Loss

In order to more clearly depict our core profitability, the following tables present our operating results after certain adjustments:

Reconciliation of Adjusted Net Loss and Diluted Loss per Common Share[(1)]
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Net loss, as reported	$ (34,899)	$ (12,873)	$ (77,356)	$ (20,501)
Restructuring costs incurred	(1,578)	1,860	(278)	6,585
Goodwill impairment	18,312	—	18,312	—
Accelerated amortization of deferred debt amendment fees[(2)]	—	—	1,518	—
Deferred tax asset valuation allowance[(3)]	7,671	—	21,869	—
Tax impact of adjustments	(2,911)	(479)	(3,636)	(1,695)
Adjusted net loss	$ (13,405)	$ (11,492)	$ (39,571)	$ (15,611)
Loss per fully diluted share, as reported	$ (1.30)	$ (0.49)	$ (2.90)	$ (0.78)
Adjusted loss per fully diluted share	$ (0.50)	$ (0.43)	$ (1.48)	$ (0.59)

(1) This table presents non-GAAP financial measures of our adjusted net loss and adjusted diluted loss per common share for the three and nine months ended March 31, 2022 and 2021. The most directly comparable financial measures are net loss and net loss per diluted share, respectively, presented in the Condensed Consolidated Statements of Income. We have presented these non-GAAP financial measures because we believe they more clearly depict our core operating results during the periods presented and provide a more comparable measure of our operating results to other companies considered to be in similar businesses. Since adjusted net loss and adjusted diluted loss per common share are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, the most directly comparable GAAP financial measures.
(2) Interest expense in fiscal 2022 included $1.5 million of accelerated amortization of deferred debt amendment fees (see Item 1. Financial Statements, Note 5 - Debt, for more information).
(3) See Item 1. Financial Statements, Note 6 - Income Taxes, for more information about the deferred tax asset valuation allowance.

Adjusted EBITDA

We have presented Adjusted EBITDA, which we define as net loss before restructuring costs, stock-based compensation, interest expense, income taxes, and depreciation and amortization, because it is used by the financial community as a method of measuring our performance and of evaluating the market value of companies considered to be in similar businesses. We believe that the line item on our Condensed Consolidated Statements of Income entitled "Net loss" is the most directly comparable GAAP measure to Adjusted EBITDA. Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, it should not be considered in isolation of, or as a substitute for, net earnings as an indicator of operating performance. Adjusted EBITDA, as we calculate it, may not be comparable to similarly titled measures employed by other companies. In addition, this measure is not a measure of our ability to fund our cash needs. As Adjusted EBITDA excludes certain financial information compared with net loss, the most directly comparable GAAP financial measure, users of this financial information should consider the type of events and transactions that are excluded. Our non-GAAP performance measure, Adjusted EBITDA, has certain material limitations as follows:

- It does not include impairment to goodwill. While impairment to goodwill is a non-cash expense in the period recognized, cash or other consideration was still transferred in exchange for goodwill in the period of the acquisition. Any measure that excludes impairment to goodwill has material limitations since this expense represents the loss of an asset that was acquired in exchange for cash or other assets.
- It does not include restructuring costs. Restructuring costs represent material costs that were incurred and are oftentimes cash expenses. Therefore, any measure that excludes restructuring costs has material limitations.
- It does not include stock-based compensation. Stock-based compensation represents material amounts of equity that are awarded to our employees and directors for services rendered. While the expense is non-cash, we release vested shares out of our treasury stock, which has historically been replenished by using cash to periodically repurchase our stock. Therefore, any measure that excludes stock-based compensation has material limitations.
- It does not include interest expense. Because we have borrowed money to finance our operations and acquisitions, pay commitment fees to maintain our credit facility, and incur fees to issue letters of credit under the credit facility, interest expense is a necessary and ongoing part of our costs and has assisted us in generating revenue. Therefore, any measure that excludes interest expense has material limitations.
- It does not include income taxes. Because the payment of income taxes is a necessary and ongoing part of our operations, any measure that excludes income taxes has material limitations.
- It does not include depreciation or amortization expense. Because we use capital and intangible assets to generate revenue, depreciation and amortization expense is a necessary element of our cost structure. Therefore, any measure that excludes depreciation or amortization expense has material limitations.

A reconciliation of Adjusted EBITDA to net loss follows:

	Three Months Ended		Nine Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(In thousands)			
Net loss	$ (34,899)	$ (12,873)	$ (77,356)	$ (20,501)
Goodwill impairment	18,312	—	18,312	—
Restructuring costs	(1,578)	1,860	(278)	6,585
Stock-based compensation	2,088	2,214	5,823	6,413
Interest expense	204	322	2,705	1,055
Provision (benefit) for income taxes	(147)	(5,060)	5,564	(6,002)
Depreciation and amortization	3,716	4,352	11,557	13,639
Adjusted EBITDA	$ (12,304)	$ (9,185)	$ (33,673)	$ 1,189

LIQUIDITY AND CAPITAL RESOURCES

Overview

We define liquidity as the ongoing ability to pay our liabilities as they become due, fund business operations and meet all monetary contractual obligations. Our primary sources of liquidity at March 31, 2022 were unrestricted cash and cash equivalents on hand, capacity under our ABL Facility, and cash generated from operations. Unrestricted cash and cash equivalents at March 31, 2022 totaled $34.1 million and availability under the ABL Facility totaled $52.7 million, resulting in total liquidity of $86.8 million.

The following table provides a reconciliation of cash, cash equivalents and restricted cash in the Condensed Consolidated Balance Sheets to the total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows (in thousands):

	March 31, 2022	June 30, 2021
Cash and cash equivalents	$ 34,092	$ 83,878
Restricted cash	25,000	—
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows	$ 59,092	$ 83,878

While bidding activity and the volume of project awards have both improved as the economy emerges from the pandemic, the market environment is still uncertain. Therefore we continue to maintain a strong balance sheet, which we believe is sufficient to support our near- to intermediate-term needs. We are continuing to take the following actions:

- strategically reviewing business processes and organizational structure;
- proactively managing our the cost structure and working capital; and
- limiting capital expenditures to critical needs.

Factors that routinely impact our short-term liquidity and may impact our long-term liquidity include, but are not limited to:

- changes in costs and estimated earnings in excess of billings on uncompleted contracts and billings on uncompleted contracts in excess of costs due to contract terms that determine the timing of billings to customers and the collection of those billings:
  - some cost-plus and fixed-price customer contracts are billed based on milestones which may require us to incur significant expenditures prior to collections from our customers;
  - some fixed-price customer contracts allow for significant upfront billings at the beginning of a project, which temporarily increases liquidity near term;
  - time and material contracts are normally billed in arrears. Therefore, we are routinely required to carry these costs until they can be billed and collected; and
  - some of our large construction projects may require security in the form of letters of credit or significant retentions. The timing of collection of retentions is often uncertain;
- other changes in working capital; and
- capital expenditures.

Other factors that may impact both short and long-term liquidity include:

- contract disputes, which can be significant;
- collection issues, including those caused by weak commodity prices, economic slowdowns or other factors which can lead to credit deterioration of our customers;
- issuances of letters of credit; and
- strategic investments in new operations.

Other factors that may impact long-term liquidity include:

- borrowing constraints under our ABL Facility and maintaining compliance with all covenants contained in the ABL Facility;
- acquisitions and disposals of businesses; and
- purchases of shares under our stock buyback program.

ABL Credit Facility and Senior Secured Revolving Credit Facility

ABL Credit Facility

On September 9, 2021, we and our primary U.S. and Canada operating subsidiaries entered into an asset-backed credit agreement (the "ABL Facility") as borrowers with Bank of Montreal, as Administrative Agent, Swing-Line Lender, a Letter of Credit Issuer and a Lender. The ABL Facility is guaranteed by substantially all of our remaining U.S. and Canadian subsidiaries. The ABL Facility provides for available borrowings of up to $100.0 million, which may be increased further by an amount not to exceed $15.0 million, subject to certain conditions, including obtaining additional commitments. The ABL Facility is intended to be used for working capital, capital expenditures, issuances of letters of credit and other lawful purposes. Our obligations under the ABL Facility are secured by a first lien on all our assets and the assets of our co-borrowers and guarantors under the ABL Facility.

The maximum amount that we may borrow under the ABL Facility is subject to a borrowing base, which is based on restricted cash plus a percentage of the value of certain accounts receivable, inventory and equipment, reduced for certain reserves. We are required to maintain a minimum of $25.0 million of restricted cash at all times, but such amounts are also included in the borrowing base. The ABL Facility matures and any outstanding amounts become due and payable on September 9, 2026.

At March 31, 2022, our borrowing base was $76.4 million and we had $23.7 million in letters of credit outstanding issued by Bank of Montreal, which resulted in availability of $52.7 million under the ABL Facility.

Borrowings under the ABL Facility bear interest through maturity at a variable rate based upon, at our option, an annual rate equal to any of a base rate ("Base Rate"), Canadian prime rate, CDOR rate or a LIBOR rate, plus an applicable margin. The Base Rate is defined as a fluctuating interest rate equal to the greatest of (i) rate of interest announced by Bank of Montreal from time to time as its prime rate; (ii) the U.S. federal funds rate plus 0.50%; (iii) LIBOR rate for one month period plus 1.00%; and (iv) 1.00%. Depending on the amount of average availability, the applicable margin is between 1.00% to 1.50% for either U.S. Base Rate Loans or Canadian prime rate, and between 2.00% and 2.50% for CDOR and LIBOR rate borrowings. Interest is payable either (i) monthly for Base Rate borrowings or (ii) the last day of the interest period for LIBOR or CDOR rate borrowings, as set forth in the Credit Agreement. The fee for undrawn amounts is 0.25% per annum and is due quarterly.

The ABL Facility contains customary conditions to borrowings, events of default and covenants, including, but not limited to, covenants that restrict our ability to sell assets, engage in mergers and acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay cash dividends, issue equity instruments, make distribution or redeem or repurchase capital stock. In the event that our availability is less than the greater of (i) $15.0 million and (ii) 15.00% of the commitments under the ABL Facility then in effect, a consolidated Fixed Charge Coverage Ratio of at least 1.00 to 1.00 must be maintained. We are in compliance with all covenants of the ABL Facility as of March 31, 2022.

Senior Secured Revolving Credit Facility

The ABL Facility replaced the Fifth Amended and Restated Credit Agreement (the "Prior Credit Agreement"), that was entered into on November 2, 2020, and subsequently amended on May 4, 2021, by and among us and certain foreign subsidiaries, as Borrowers, various subsidiaries of ours, as Guarantors, JPMorgan, as Administrative Agent, Sole Lead Arranger and Sole Book Runner, and the other Lenders party thereto. The Prior Credit Agreement provided for a three-year senior secured revolving credit facility of $200.0 million that was set to expire November 2, 2023. We had no borrowings and $41.3 million of letters of credit outstanding under the Prior Credit Agreement as of the date we commenced the ABL Facility. Interest expense during the nine months ended March 31, 2022 included $1.5 million of accelerated amortization of deferred debt amendment fees associated with the Prior Credit Agreement.

Cash Flow for the Nine Months Ended March 31, 2022

Cash Flows Used by Operating Activities

Cash used by operating activities for the nine months ended March 31, 2022 totaled $22.5 million. The various components are as follows:

Net Cash Used by Operating Activities
(In thousands)

Net loss	$	(77,356)
Non-cash expenses		18,276
Goodwill impairment		18,312
Deferred income tax		5,323
Cash effect of changes in operating assets and liabilities		12,825
Other		103
Net cash used by operating activities	$	(22,517)

Cash effect of changes in operating assets and liabilities at March 31, 2022 in comparison to June 30, 2021 include the following:

- Accounts receivable decreased $10.3 million during the nine months ended March 31, 2022, which increased cash flows from operating activities. The variance is primarily attributable to the timing of billing and collections.

- Costs and estimated earnings in excess of billings on uncompleted contracts ("CIE") increased $15.6 million, which decreased cash flows from operating activities. Billings on uncompleted contracts in excess of costs and estimated earnings ("BIE") increased $20.0 million, which increased cash flows from operating activities. CIE and BIE balances can experience significant fluctuations based on business volumes and the timing of when job costs are incurred and the timing of customer billings and payments.

- Inventories, income taxes receivable, other current assets, operating right-of-use lease assets and other assets, non-current, decreased $1.0 million during the nine months ended March 31, 2022, which increased cash flows from operating activities. These operating assets can fluctuate based on the timing of inventory builds and draw-downs, accrual and receipt of income taxes receivable; prepayments of certain expenses; lease commencement, passage of time, expiration, or termination of operating leases; business volumes; and other timing differences.

- Accounts payable, accrued wages and benefits, accrued insurance, operating lease liabilities, other accrued expenses, and other liabilities, non-current decreased by $1.8 million during the nine months ended March 31, 2022, which decreased cash flows from operating activities. These operating liabilities can fluctuate based on the timing of vendor payments; accruals; lease commencement, lease payments, expiration, or termination of operating leases; business volumes; and other timing differences.

Cash Flows Used by Investing Activities

Investing activities used $0.1 million of cash in the nine months ended March 31, 2022 primarily due to $1.4 million of capital expenditures, partially offset by $1.3 million of proceeds from other asset sales.

Cash Flows Used by Financing Activities

Financing activities used $1.9 million of cash in the nine months ended March 31, 2022 primarily due to $1.1 million paid in fees to enter into our ABL Facility and $0.9 million paid to repurchase our stock for payment of withholding taxes due on equity-based compensation.

Dividend Policy

We have never paid cash dividends on our common stock and the terms of our ABL Facility limit dividends to stock dividends only. Any future dividend payments will depend on the terms of our ABL Facility, our financial condition, capital requirements and earnings as well as other relevant factors.

Stock Repurchase Program

We may repurchase common stock pursuant to the Stock Buyback Program, which was approved by the board of directors in November 2018. Under the program, the aggregate number of shares repurchased may not exceed 2,707,175 shares. We may repurchase our stock from time to time in the open market at prevailing market prices or in privately negotiated transactions and are not obligated to purchase any shares. The program will continue unless and until it is modified or revoked by the Board of Directors. We made no repurchases under the program in the nine months ended March 31, 2022 and have no current plans to repurchase stock. As of March 31, 2022, there were 1,349,037 shares available for repurchase under the Stock Buyback Program. The terms of our ABL Facility limit share repurchases to $2.5 million per fiscal year provided that we meet certain availability thresholds and do not violate our Fixed Charge Coverage Ratio financial covenant.

Treasury Shares

We had 1,104,952 treasury shares as of March 31, 2022 and intend to utilize these treasury shares in connection with equity awards under the our stock incentive plans and for sales to the Employee Stock Purchase Plan.

CRITICAL ACCOUNTING POLICIES

There have been no material changes in our critical accounting policies from those reported in our fiscal 2021 Annual Report on Form 10-K filed with the SEC. For more information on our critical accounting policies, see Part II, Item 7 of our fiscal 2021 Annual Report on Form 10-K. The following section provides certain information with respect to our critical accounting policies as of the close of our most recent quarterly period.

Revenue Recognition

General Information about our Contracts with Customers

Our revenue comes from contracts to provide engineering, procurement, fabrication and construction, repair and maintenance and other services. Our engineering, procurement and fabrication and construction services are usually provided in association with capital projects, which are commonly fixed-price contracts that are billed based on project milestones. Our repair and maintenance services typically are cost reimbursable or time and material based contracts and are billed monthly or, for projects of short duration, at the conclusion of the project. The elapsed time from award to completion of performance may exceed one year for capital projects.

Step 1: Contract Identification

We do not recognize revenue unless we have identified a contract with a customer. A contract with a customer exists when it has approval and commitment from both parties, the rights and obligations of the parties are identified, payment terms are identified, the contract has commercial substance, and collectibility is probable. We also evaluate whether a contract should be combined with other contracts and accounted for as a single contract. This evaluation requires judgment and could change the timing of the amount of revenue and profit recorded for a given period.

Step 2: Identify Performance Obligations

Next, we identify each performance obligation in the contract. A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services to the customer. Revenue is recognized separately for each performance obligation in the contract. Many of our contracts have one clearly identifiable performance obligation. However, many of our contracts provide the customer an integrated service that includes two or more of the following services: engineering, procurement, fabrication, construction, repair and maintenance services. For these contracts, we do not consider the integrated services to be distinct within the context of the contract when the separate scopes of work combine into a single commercial objective or capability for the customer. Accordingly, we generally identify one performance obligation in our contracts. The determination of the number of performance obligations in a contract requires significant judgment and could change the timing of the amount of revenue recorded for a given period.

Step 3: Determine Contract Price

After determining the performance obligations in the contract, we determine the contract price. The contract price is the amount of consideration we expect to receive from the customer for completing the performance obligation(s). In a fixed-price contract, the contract price is a single lump-sum amount. In reimbursable and time and materials based contracts, the contract price is determined by the agreed upon rates or reimbursements for time and materials expended in completing the performance obligation(s) in the contract.

A number of our contracts contain various cost and performance incentives and penalties that can either increase or decrease the contract price. These variable consideration amounts are generally earned or incurred based on certain performance metrics, most commonly related to project schedule or cost targets. We estimate variable consideration at the most likely amount of additional consideration to be received (or paid in the case of penalties), provided that meeting the variable condition is probable. We include estimated amounts of variable consideration in the contract price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the contract price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. We reassess the amount of variable consideration each accounting period until the uncertainty associated with the variable consideration is resolved. Changes in the assessed amount of variable consideration are accounted for prospectively as a cumulative adjustment to revenue recognized in the current period.

Step 4: Assign Contract Price to Performance Obligations

After determining the contract price, we assign such price to the performance obligation(s) in the contract. If a contract has multiple performance obligations, we assign the contract price to each performance obligation based on the stand-alone selling prices of the distinct services that comprise each performance obligation.

Step 5: Recognize Revenue as Performance Obligations are Satisfied

We record revenue for contracts with our customers as we satisfy the contracts' performance obligations. We recognize revenue on performance obligations associated with fixed-price contracts for engineering, procurement, fabrication and construction services over time since these services create or enhance assets the customer controls as they are being created or enhanced. We measure progress of satisfying these performance obligations by using the percentage-of-completion method, which is based on costs incurred to date compared to the total estimated costs at completion, since it best depicts the transfer of control of assets being created or enhanced to the customer.

We recognize revenue over time for reimbursable and time and material based repair and maintenance contracts since the customer simultaneously receives and consumes the benefit of those services as we perform work under the contract. As a practical expedient allowed under the revenue accounting standards, we record revenue for these contracts in the amount to which we have a right to invoice for the services performed provided that we have a right to consideration from the customer in an amount that corresponds directly with the value of the performance completed to date.

Costs incurred may include direct labor, direct materials, subcontractor costs and indirect costs, such as salaries and benefits, supplies and tools, equipment costs and insurance costs. Indirect costs are charged to projects based upon direct costs and overhead allocation rates per dollar of direct costs incurred or direct labor hours worked. Typically, customer contracts will include standard warranties that provide assurance that products and services will function as expected. We do not sell separate warranties.

We have numerous contracts that are in various stages of completion which require estimates to determine the forecasted costs at completion. Due to the nature of the work left to be performed on many of our contracts, the estimation of total cost at completion for fixed-price contracts is complex, subject to many variables and requires significant judgment. Estimates of total cost at completion are made each period and changes in these estimates are accounted for prospectively as cumulative adjustments to revenue recognized in the current period. If estimates of costs to complete fixed-price contracts indicate a loss, a provision is made through a contract write-down for the total loss anticipated.

Change Orders

Contracts are often modified through change orders, which are changes to the agreed upon scope of work. Most of our change orders, which may be priced or unpriced, are for goods or services that are not distinct from the existing contract due to the significant integration of services provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a change order on the contract price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis. For unpriced change orders, we estimate the increase or decrease to the contract price using the variable consideration method described in the Step 3: Determine Contract Price paragraph above. Unpriced change orders are more fully discussed in Note 7 - Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements.

Claims

Sometimes we seek claims for amounts in excess of the contract price for delays, errors in specifications and designs, contract terminations, change orders in dispute or other causes of additional costs incurred by us. Recognition of amounts as additional contract price related to claims is appropriate only if there is a legal basis for the claim. The determination of our legal basis for a claim requires significant judgment. We estimate the change to the contract price using the variable consideration method described in the Step 3: Determine Contract Price paragraph above. Claims are more fully discussed in Note 7 - Commitments and Contingencies of the Notes to Financial Statements.

Costs and estimated earnings in excess of billings on uncompleted contracts included revenues for unpriced change orders and claims of $9.3 million at March 31, 2022 and $14.6 million at June 30, 2021. The amounts ultimately realized may be significantly different than the recorded amounts resulting in a material adjustment to future earnings.

Goodwill

Goodwill represents the excess of the purchase price of acquisitions over the acquisition date fair value of the net identifiable tangible and intangible assets acquired. In accordance with current accounting guidance, goodwill is not amortized, but is tested at least annually for impairment at the reporting unit level, which is a level below our reportable segments.

We perform our annual impairment test as of May 31st of each fiscal year, or in between annual tests if impairment indicators are present, to determine whether an impairment exists and to determine the amount of headroom. We define "headroom" as the percentage difference between the fair value of a reporting unit and its carrying value. The goodwill impairment test involves comparing management's estimate of the fair value of a reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, then goodwill is not impaired. If the fair value of a reporting unit is less than its carrying value, then goodwill is impaired to the extent of the difference, but the impairment may not exceed the balance of goodwill assigned to that reporting unit.

We utilize a discounted cash flow analysis, referred to as an income approach, and market multiples, referred to as a market approach, to determine the estimated fair value of our reporting units. For the income approach, significant judgments and assumptions including forecasted project awards, discount rate, anticipated revenue growth rate, gross margins, operating expenses, working capital needs and capital expenditures are inherent in the fair value estimates, which are based on our operating and capital budgets and on our strategic plan. As a result, actual results may differ from the estimates utilized in our income approach. For the market approach, significant judgments and assumptions include the selection of guideline companies, forecasted guideline company EBITDA and our forecasted EBITDA. The use of alternate judgments and/or assumptions could result in a fair value that differs from our estimate and could result in the recognition of additional impairment charges in the financial statements. As a test for reasonableness, we also consider the combined fair values of our reporting units compared to our market capitalization.

Income Taxes

We use the asset and liability approach for financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances based on our judgments and estimates are established when necessary to reduce deferred tax assets to the amount expected to be realized in future operating results. We believe that realization of deferred tax assets in excess of the valuation allowance is more likely than not. Our estimates are based on facts and circumstances in existence as well as interpretations of existing tax regulations and laws applied to the facts and circumstances, with the help of professional tax advisors. Therefore, we estimate and provide for amounts of additional income taxes that may be assessed by the various taxing authorities.

Loss Contingencies

Various legal actions, claims, and other contingencies arise in the normal course of our business. Contingencies are recorded in the condensed consolidated financial statements, or are otherwise disclosed, in accordance with Accounting Standard Codification ("ASC") Topic 450-20, "Loss Contingencies". Specific reserves are provided for loss contingencies to the extent we conclude that a loss is both probable and estimable. We use a case-by-case evaluation of the underlying data and update our evaluation as further information becomes known. We believe that any amounts exceeding our recorded accruals should not materially affect our financial position, results of operations or liquidity. However, the results of litigation are inherently unpredictable and the possibility exists that the ultimate resolution of one or more of these matters could result in a material effect on our financial position, results of operations or liquidity.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in market risk faced by us from those reported in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021, filed with the Securities and Exchange Commission. For more information on market risk, see Part II, Item 7A in our fiscal 2021 Annual Report on Form 10-K.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e).

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2022. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level at March 31, 2022.

There have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting during the quarter ended March 31, 2022.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to a number of legal proceedings. We believe that the nature and number of these proceedings are typical for a company of our size engaged in our type of business and that none of these proceedings will result in a material effect on our business, results of operations, financial condition, cash flows or liquidity.

Item 1A. Risk Factors

We have amended the following Risk Factor that appeared in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended June 30, 2021. This amended Risk Factor should be considered along with the other Risk Factors that appeared in our Annual Report for the fiscal year ended June 30, 2021. Except as set forth below, there have been no material changes to the risk factors involving us from those previously disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

The COVID-19 pandemic has adversely affected our business and operations.

The COVID-19 pandemic has adversely affected our business and operations and the business and operations of our customers. We have experienced unpredictable reductions in demand for our services. In response to the COVID-19 pandemic, companies within the oil and natural gas and other industries (including our customers) have announced spending cuts and/or project delays which, in turn, have resulted in decreased awards of new contracts or adjustments, reductions, suspensions or cancellations of contracts.

We continue to monitor the potential for regulation requiring our employees to get vaccinated and/or tested frequently for COVID-19. No such regulation is in place at this time, but we have prepared for the possibility that we must comply with such regulation. It is not possible to predict with certainty the exact impact that such regulation would have on us or on our workforce. However, vaccine and testing mandates could result in employee attrition and difficulty securing future labor needs which could have an adverse effect on our business, results of operations and/or cash flows.

The duration of the COVID-19 pandemic and its economic consequences are uncertain, rapidly changing and difficult to predict. While we expect the COVID-19 pandemic to continue to have an adverse effect on our business, financial condition, liquidity, cash flow and results of operations, we are unable to predict the nature, timing and extent of these impacts at this time.

Our business has been affected by inflation, supply chain disruptions and shortages of materials and labor.

Following the onset of the pandemic and with the ongoing conflict between Ukraine and Russia in Europe, there has been a high degree of volatility in commodity and energy markets that affect our client's businesses. In addition, inflation in the United States has reached multi-decade highs and has been increasing since the beginning of the fiscal year. In some cases we have had to bid more competitively than before to win work, which has compressed margins somewhat given the higher inflation. It is uncertain how this market environment will impact our business, both positively or negatively.

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

Issuer Purchases of Equity Securities

The table below sets forth information with respect to purchases we made of our common stock during the third quarter of fiscal year 2022.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (C)
January 1 to January 31, 2022				
Stock Buyback Program (A)	—	$ —	—	1,349,037
Employee Transactions (B)	—	$ —	—	—
February 1 to February 28, 2022				
Stock Buyback Program (A)	—	$ —	—	1,349,037
Employee Transactions (B)	—	$ —	—	—
March 1 to March 31, 2022				
Stock Buyback Program (A)	—	$ —	—	1,349,037
Employee Transactions (B)	—	$ —	—	—

(A) Represents shares purchased under our Stock Buyback Program.
(B) Represents shares withheld to satisfy the employee's tax withholding obligation that is incurred upon the vesting of deferred shares granted under our stock incentive plans.
(C) We may repurchase common stock pursuant to the Stock Buyback Program, which was approved by the board of directors in November 2018. Under the program, the aggregate number of shares repurchased may not exceed 2,707,175 shares. We may repurchase our stock from time to time in the open market at prevailing market prices or in privately negotiated transactions and are not obligated to purchase any shares. The program will continue unless and until it is modified or revoked by the Board of Directors. The terms of our ABL Facility also limit share repurchases to $2.5 million per fiscal year provided that we meet certain availability thresholds and we do not violate our Fixed Charge Coverage Ratio financial covenant. We made no repurchases under the program in the third quarter of fiscal 2022 and have no current plans to repurchase stock.

Dividend Policy

We have never paid cash dividends on our common stock and the terms of our ABL Facility limit dividends to stock dividends only. Any future dividend payments will depend on the terms of our ABL Facility, our financial condition, capital requirements and earnings as well as other relevant factors.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the Federal Mine Safety and Health Administration. We do not act as the owner of any mines, but as a result of our performing services or construction at mine sites as an independent contractor, we are considered an "operator" within the meaning of the Mine Act.

Information concerning mine safety violations or other regulatory matters required to be disclosed in this quarterly report under Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95.

Item 5. Other Information

None

Item 6. Exhibits:

The following documents are included as exhibits to this Quarterly Report on Form 10-Q. Any exhibits below incorporated by reference herein are indicated as such by the information supplied in the parenthetical hereafter.

Exhibit No.	Description
*+Exhibit 10.1:	Amended and Restated Matrix Service Company 2021 Severance Plan for Executives.
Exhibit 31.1:	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 – CEO.
Exhibit 31.2:	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 – CFO.
Exhibit 32.1:	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002) – CEO.
Exhibit 32.2:	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002) – CFO.
Exhibit 95:	Mine Safety Disclosure.
Exhibit 101.INS:	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH:	XBRL Taxonomy Schema Document.
Exhibit 101.CAL:	XBRL Taxonomy Extension Calculation Linkbase Document.
Exhibit 101.DEF:	XBRL Taxonomy Extension Definition Linkbase Document.
Exhibit 101.LAB:	XBRL Taxonomy Extension Labels Linkbase Document.
Exhibit 101.PRE:	XBRL Taxonomy Extension Presentation Linkbase Document.
Exhibit 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith.

+Management Contract or Compensatory Plan.

SIGNATURE

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.

	MATRIX SERVICE COMPANY
Date: May 10, 2022	By: /s/ Kevin S. Cavanah
	Kevin S. Cavanah Vice President and Chief Financial Officer signing on behalf of the registrant and as the registrant's principal financial officer

EXHIBIT 10.1

AMENDED AND RESTATED
MATRIX SERVICE COMPANY
2021 SEVERANCE PLAN
FOR EXECUTIVES

MATRIX SERVICE COMPANY

2021 SEVERANCE PLAN

FOR EXECUTIVES

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MATRIX SERVICE COMPANY

2021 SEVERANCE PLAN

FOR EXECUTIVES

(Effective September 13, 2021)
(Amended and Restated Effective May 2, 2022)

MATRIX SERVICE COMPANY (the "Company") hereby adopts the **2021 MATRIX SERVICE COMPANY SEVERANCE PLAN FOR EXECUTIVES,** hereinafter referred to as the "Plan," for the benefit of certain designated participants.

ARTICLE I. DEFINITIONS

1.1 **Definitions.** In addition to the terms defined elsewhere herein, the following words and phrases, when used herein with initial capital letters, shall have the following respective meanings:

1.1.1 "Act" means the United States Securities Exchange Act of 1934, as amended.

1.1.2 "Affiliate" means any Person (including a Subsidiary) that directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with the Company. For purposes of this definition the term "control" with respect to any Person means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

1.1.3 "Annual Base Compensation" means the amount a Participant is entitled to receive as wages or salary on an annualized basis, excluding all bonus, overtime and incentive compensation, payable by an Employer as consideration for the Participant's services, in effect on the Termination Date but disregarding any reduction that would qualify as Good Reason.

1.1.4 "Board" means the Board of Directors of the Company.

1.1.5 "Cause" means, the Participant's theft of Company property, embezzlement or dishonesty that results in harm to the Company; continued gross or willful neglect of his or her job responsibilities after receiving written warnings regarding such neglect from the Company; conviction of a felony or pleading *nolo contender* to a felony charged under state or federal law; or willful violation of Company policy. A determination by the Board that an event constituting "Cause" has occurred shall be binding upon the Company and the Participant.

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1.1.6 “Cause Determination” has the meaning set forth in Section 3.2.1.

1.1.7 “Change of Control” means (i) the acquisition by any Person or “group” (as defined pursuant to Section 13(d) under the Act) of “beneficial ownership” (as defined in Rule 13d-3 under the Act) of in excess of 35% of the Voting Securities of the Company; (ii) during any one (1) year period, individuals who at the beginning of such period constituted the Board (together with any new directors whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors of the Company then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved (but excluding, for purposes of this definition, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) cease for any reason to constitute a majority of the members of the Board; (iii) consummation of a merger, consolidation, recapitalization or reorganization of the Company, other than a merger, consolidation, recapitalization or reorganization which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent, either by remaining outstanding or by being converted into voting stock of the surviving entity (or if the surviving entity is a subsidiary of another entity, then of the parent entity of such surviving entity), more than fifty percent (50%) of the total voting power represented by the voting stock of the surviving entity (or parent entity) outstanding immediately after such merger, consolidation, recapitalization or reorganization; or (iv) the Company’s stockholders approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of related transactions) of all or substantially all of the Company’s assets to any Person. Upon identification and notice to the Board of the occurrence of one of the above events, the Board shall consider all the facts and circumstances at its next meeting and shall confirm or deny by resolution or majority vote whether a “Change of Control” exists within the meaning of this Plan.

1.1.8 “Change of Control Severance Compensation” means, with respect to each Participant, the sum of the following:

(i) The greater of such Participant’s Annual Base Compensation in effect on the date of such Participant’s Separation from Service or immediately prior to the date on which Change of Control occurs; plus

(ii) the annual target opportunity that could have been earned by the Participant for the fiscal year of the Company during which the Participant’s Termination Date occurs (determined as if all applicable goals and targets had been satisfied in full at the target level of performance).

1.1.9 “Code” means the United States Internal Revenue Code of 1986, as amended.

1.1.10 “Committee” means a committee consisting of the Company’s President and CEO, the Chief Financial Officer, the Chief Administrative Officer, and the General Counsel.

1.1.11 “Company” means Matrix Service Company, a Delaware corporation, and any successor thereto.

1.1.12 “Disability” means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months. Provided, a Participant will be deemed to be Disabled if the Participant becomes eligible to receive disability benefits under the long-term disability benefit plan sponsored by the Company. Notwithstanding the foregoing, all determinations of whether a Participant is Disabled shall be made in accordance with Section 409A of the Code.

1.1.13 “Effective Date” means September 13, 2021.

1.1.14 “Employee” means a common law employee of an Employer.

1.1.15 “Employer” means the Company or, if Participant is not employed by the Company, a Subsidiary that employs the Participant, and the successor of either (provided, in the case of a Subsidiary, that each successor is also a Subsidiary).

1.1.16 “ERISA” means the United States Employee Retirement Income Security Act of 1974, as amended.

1.1.17 “Excise Tax” has the meaning set forth in Section 3.3.

1.1.18 “General Severance Compensation” means, with respect to each Participant, such Participant’s Annual Base Compensation in effect on the date of such Participant’s Separation from Service.

1.1.19 “Good Reason” means a Separation from Service by a Participant in accordance with the substantive and procedural provisions of this Section.

(a) Separation from Service by a Participant for “Good Reason” means a Separation from Service initiated by the Participant on account of any one or more of the following actions or omissions that, unless otherwise specified, occurs following a Change of Control:

(i) a material reduction in the rate of the Participant’s Annual Base Compensation or a material reduction in the Participant’s target annual incentive compensation;

(ii) a change in the location of a Participant's principal place of employment by the Employer by more than thirty-five (35) miles from the location where the Participant was principally employed immediately prior to the date on which a Change of Control occurs;

(iii) a material adverse reduction in the nature or scope of Participant's office, position, duties, functions, responsibilities or authority (including reporting responsibilities and authority) from those applicable to such Participant immediately prior to the date on which a Change of Control occurs; or

(iv) the failure at any time of the successor to the Participant's Employer explicitly to assume and agree to be bound by this Plan.

(b) Notwithstanding anything in this Plan to the contrary, no act or omission shall constitute grounds for "Good Reason":

(i) unless the Participant gives a Notice of Termination to the Employer thirty (30) days prior to the Participant's intent to terminate his or her employment for Good Reason which describes the alleged act or omission giving rise to Good Reason;

(ii) unless such Notice of Termination is given within sixty (60) days of the Participant's first actual knowledge of such act or omission; and

(iii) unless the Employer fails to cure such act or omission within the thirty (30) day period after receiving the Notice of Termination.

1.1.20 "Net After-Tax Benefit" has the meaning set forth in Section 3.3.

1.1.21 "Notice of Consideration" has the meaning set forth in Section 3.2.1.

1.1.22 "Notice of Termination" means a written notice of a Separation from Service, if applicable, given in accordance with Section 10.3 that sets forth: (a) the specific termination provision in the Plan relied on by the party giving such notice, (b) in reasonable detail the specific facts and circumstances claimed to provide a basis for such Separation from Service, and (c) if the Termination Date is other than the date of receipt of such Notice of Termination, the Termination Date.

1.1.23 "Participant" means an Employee selected for participation in the Plan pursuant to Section 2.1 hereof.

1.1.24 "Participation Agreement" means an agreement between a Participant and the Company in substantially the form of Exhibit B hereto, and which may include such other terms as the Committee deems necessary or advisable in the administration of the Plan.

1.1.25 “Payment Date” means the date which is the sixtieth (60^{th}) day after the date of a Separation from Service as to which a Severance Benefit is payable.

1.1.26 “Person” shall have the meaning assigned in the Act.

1.1.27 “Plan” means the 2021 Matrix Service Company Severance Plan for Executives, effective September 13, 2021, as amended from time to time.

1.1.28 “Reduced Payment” has the meaning set forth in Section 3.3.

1.1.29 “Sale of a Business” means the Company has sold or otherwise disposed of a Subsidiary, branch or other business unit (or all or substantially all of the assets thereof), in which the Participant was employed before such sale or disposition, to any Person, other than the Company or an Affiliate, and the Participant has been offered employment with the acquirer of such Subsidiary, branch or unit on substantially the same terms and conditions under which the Participant worked for the Participant’s Employer.

1.1.30 “Separation from Service” means a Participant’s termination or deemed termination from employment with the Employer. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Code Section 409A.

1.1.31 “Severance Benefit” means the amounts payable in accordance with Section 3.1 hereof.

1.1.32 “Subsidiary” means any corporation, partnership, limited liability company or joint venture in which the Company, directly or indirectly, holds a majority of the voting power of such corporation’s outstanding shares of capital stock or a majority of the capital or profits interests of such partnership, limited liability company, or joint venture.

1.1.33 “Termination Date” means the date of the receipt of the Notice of Termination by Participant (if such notice is given by Participant’s Employer) or by Participant’s Employer (if such notice is given by Participant), or any later date, not more than thirty (30) days after the giving of such notice, specified in such notice; provided, however, that:

(a) if Participant’s employment is terminated by reason of death or Disability, the Termination Date shall be the date of Participant’s death or the date of deemed termination of employment due to Disability, as applicable, regardless of whether a Notice of Termination has been given; and

(b) if no Notice of Termination is given, the Termination Date shall be the last date on which the Participant is employed by an Employer; and

(c) for purposes of Article VI (Restrictive Covenants) if the Participant does not have a Separation from Service, the Termination Date shall be the date the entity that employs the Participant ceases to be a Subsidiary, or the date of the Sale of a Business.

1.1.34 "Voting Securities" means any securities of the Company which carry the right to vote generally in the election of directors.

ARTICLE II. ELIGIBILITY

2.1 **Participation.** An Employee shall be entitled to be a Participant if the Employee is selected for participation by the Board and such Employee signs and returns to the Company a Participation Agreement, in a form acceptable to the Company, within the time period required therein.

2.2 **Duration of Participation.** A Participant shall cease to be a Participant when the Participant incurs a Separation from Service, unless such Participant is then entitled to a Severance Benefit. A Participant entitled to a Severance Benefit shall remain a Participant until the full amount of the Severance Benefit has been provided to such Participant. The Board may, from time to time, determine that a Participant shall no longer be a Participant; provided, however, that the Board shall not change the status of a Participant in any manner as of, after, or in anticipation of a Separation from Service or a Change of Control. For purposes of this Plan, a removal of a Participant from this Plan 180 days prior to a Separation from Service or Change of Control will be deemed to be in anticipation of a Separation from Service or a Change of Control. The Company shall provide a notice to each Participant of any revocation of Participant status.

2.3 **Plan Benefits Provided in Lieu of any Previous Benefits.** This Plan shall supersede any change of control or severance benefit plan, policy or practice previously maintained by the Company with respect to a Participant and any change of control or severance benefits in any employment contract, change of control/severance agreement, change of control agreement or other agreement between the Company and a Participant. Notwithstanding the foregoing, a Participant's outstanding equity awards shall remain subject to the terms of the equity incentive plan under which such awards were granted (including the award agreements governing such awards) that may apply upon a Change of Control and/or termination of such Participant's service and all restricted stock units, performance units and other forms of long-term incentive awards granted to the Executive shall vest upon a Change of Control of the Company but only if so provided and in the manner set forth in the change of control vesting provisions set forth in the award agreements governing such restricted stock units, performance units and other forms of long-term incentive award.

ARTICLE III. SEVERANCE BENEFIT

3.1 **Right to Severance Benefit.** Subject to Sections 3.5 and 3.6, a Participant shall be entitled to receive a Severance Benefit from the Participant's Employer or the Company as set forth in the Participation Agreement. The cash payments described therein shall be paid on the Payment Date. The Severance Benefit shall be payable in addition to, and not in lieu of, all other accrued or vested or earned but deferred compensation, rights, options and other benefits which may be owed to a Participant under any other plan or arrangement following termination, including, but not limited to, accrued vacation or sick pay, amounts or benefits payable under any incentive plan, any life insurance plan, health plan, disability plan, or any similar or successor plans.

3.2 **Terminations Which do not Give Rise to a Severance Benefit.** If a Participant dies, becomes Disabled, incurs a Separation from Service from the Employer for Cause or by reason of the Participant's voluntary Separation from Service (other than for Good Reason), or incurs a Separation from Service due to the Sale of a Business, the Participant shall not be entitled to a Severance Benefit, regardless of the occurrence of a Change of Control.

3.2.1 Procedural Requirements for Termination for Cause Following a Change of Control. For any Separation from Service for Cause following a Change of Control, the Company and its Affiliates shall strictly observe each of the following substantive and procedural provisions:

(i) The Board shall call a meeting for the stated purpose of determining whether Participant's acts or omissions satisfy the requirements of the definition of "Cause" and, if so, whether to terminate Participant's employment for Cause.

(ii) Not less than fifteen (15) days prior to the date of such meeting, the Board shall provide or cause to be provided Participant and each member of the Board written notice (a "Notice of Consideration") of: (A) a detailed description of the acts or omissions alleged to constitute Cause, (B) the date of such meeting of the Board, and (C) Participant's rights under clauses (iii) and (iv) below.

(iii) Participant shall have the opportunity to present to the Board a written response to the Notice of Consideration, but shall not have the right to appear in person or by counsel before the Board.

(iv) Participant's employment may be terminated for Cause only if: (A) the acts or omissions specified in the Notice of Consideration did in fact occur and such actions or omissions do constitute Cause as defined in this Plan, (B) the Board, by affirmative vote of a simple majority of its members, makes a specific determination to such effect and to the effect that Participant's employment should be terminated for Cause ("Cause Determination"), and (C) the Company or the Employer thereafter provides Participant with a Notice of Termination that specifies in specific detail the basis of such Separation from Service for Cause and which Notice shall be consistent with the reasons set forth in the Notice of Consideration.

(v) In the event that the existence of Cause shall become an issue in any action or proceeding between Participant, on the one hand, and any one or more of the Company and its Affiliates, on the other hand, the Cause

Determination shall be final and binding on all parties, except as provided in Section 3.2.2 below.

Nothing in this Section 3.2.1 shall preclude the Board, by majority vote, from suspending Participant from his or her duties, with pay, at any time.

3.2.2 Standard of Review. In the event that the existence of Cause shall become an issue in any action or proceeding between a Participant following a Change of Control, on the one hand, and any one or more of the Company and its Affiliates, on the other hand, the Company and its Affiliates, as applicable, shall, notwithstanding the Cause Determination, have the burden of establishing that the actions or omissions specified in the Notice of Consideration did in fact occur and do constitute Cause and that the Company and its Affiliates have satisfied all applicable substantive and procedural requirements of this Section.

3.3 **Maximum Payments.** It is the objective of this Plan to maximize the Participants' Net After-Tax Benefit (as defined herein) if payments or benefits provided under this Plan are subject to excise tax under Section 4999 of the Code. Therefore, in the event it is determined that any payment or benefit by the Company to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, including, by example and not by way of limitation, acceleration by the Company or otherwise of the date of vesting or payment or rate of payment under any plan, program or arrangement of the Company, would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), the Company shall first make a calculation under which such payments or benefits provided to the Participant under this Agreement are reduced to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code (the "Reduced Payment"), provided that, for purposes of this calculation, the payments and benefits that do not constitute deferred compensation within the meaning of Section 409A of the Code shall first be reduced and the portion of the payments and benefits that do constitute deferred compensation within the meaning of Section 409A of the Code shall thereafter be reduced as necessary. The Company shall then compare (x) the Participant's Net After-Tax Benefit assuming application of the Reduced Payment with (y) the Participant's Net After-Tax Benefit without the application of the Reduced Payment and the Participant shall be entitled to the greater of (x) or (y). "Net After-Tax Benefit" shall mean the sum of (i) all payments and benefits which the Participant receives or is then entitled to receive from the Company, less (ii) the amount of federal income taxes payable with respect to the payments and benefits described in (i) above calculated at the maximum marginal income tax rate for each year in which such payments and benefits shall be paid to the Participant (based upon the rate for such year as set forth in the Code at the time of the first payment of the foregoing), less (iii) the amount of excise taxes imposed with respect to the payments and benefits described in (i) above by Section 4999 of the Code. The determination of whether a payment or benefit constitutes an excess parachute payment shall be made by tax counsel or other tax professional selected by the Company. The costs of obtaining this determination shall be borne by the Company.

3.4 **Payment Date Limitation.** Notwithstanding anything to the contrary in this Plan, no payment under the Plan shall be paid later than the December 31 of the second calendar year following the calendar year in which the Separation from Service occurs.

3.5 **Waiver and Release.** Notwithstanding anything to the contrary in this Plan, in the event that the Participant becomes entitled to a Severance Benefit, neither the Company nor the Employer shall have any obligation to the Participant unless and until the Participant executes and delivers to the Company within sixty (60) days after Separation from Service a release and waiver in form and substance satisfactory to the Company which is no longer subject to revocation.

3.6 **Breach of Covenants.** If a court determines that the Participant has breached the covenants of Article VI or other obligation entered into at any time between the Participant and the Company, then neither the Company nor the Employer shall have any obligation to pay or provide any Severance Benefits under Article III of the Plan.

ARTICLE IV. WELFARE PLAN AND SUMMARY PLAN DESCRIPTION

This Plan is intended to be a welfare plan under Section 3(1) of ERISA, and if this Plan were found to be a pension plan under Section 3(2) of ERISA, the Plan is intended to qualify as a plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201(2), 301(3) and 401(a)(1) of ERISA. This Plan also is intended to be a summary plan description under Section 102 of ERISA. The Plan, as a summary plan description, has been written in a manner calculated to be understood by the average Participant of the Plan and to reasonably apprise the Participants and their beneficiaries of their rights and obligations under the Plan. Additional provisions of the Plan which are intended to satisfy the requirements of a summary plan description under Section 102 of ERISA are set out in Exhibit A, attached hereto and made a part hereof. A copy of the Plan shall be provided to each Participant.

ARTICLE V. NO SET-OFF OR MITIGATION

5.1 **No Set-off.** The Participant's right to receive when due the payments and other benefits provided for under this Plan is absolute, unconditional and subject to no setoff, counterclaim, recoupment, or other claim, right or action that the Company or the Employer may have against Participant or others, except as expressly provided in this Section 5.1 or as specifically otherwise provided in this Plan. Notwithstanding the prior sentence, the Company or the Employer shall have the right to deduct any amounts outstanding on any loans or other extensions of credit to Participant from the Participant's payments and other benefits (if any) provided for under this Plan.

5.2 **No Mitigation.** The Participant shall not have any duty to mitigate the amounts payable by the Company or the Employer under this Plan by seeking new employment or self-employment following termination. Except as specifically otherwise provided in this Plan, all amounts payable pursuant to this Plan shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to the Participant as the result of Participant's employment by another employer or self-employment.

ARTICLE VI. RESTRICTIVE COVENANTS

6.1 **Non-Solicitation.** During the period beginning on the Effective Date and ending on the second anniversary of the date of Separation from Service, regardless of the reason for Participant's Separation from Service, the Participant shall not, directly or indirectly:

6.1.1 cause or attempt to cause or encourage any employee of the Company or an Affiliate to terminate his or her relationship with the Company or an Affiliate; or

6.1.2 solicit the employment or engagement as a consultant or adviser, of any employee of the Company or an Affiliate or any former employee of the Company or an Affiliate who left the employ of the Company or Affiliate within two years following your Separation from Service, or cause or attempt to cause any Person to do any of the foregoing.

6.2 **Reasonableness of Restrictive Covenants.**

6.2.1 Participant acknowledges that the covenants contained in this Plan are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's and its Affiliates' legitimate interests in their confidential and proprietary information, their proprietary work, and in their relationships with their employees, customers, suppliers and agents.

6.2.2 Participant acknowledges that Participant's observance of the covenants contained herein will not deprive Participant of the ability to earn a livelihood or to support his or her dependents.

6.2.3 Participant understands he or she is bound by the terms of this Article VI, whether or not Participant receives severance payments under this Plan or otherwise.

6.3 **Right to Injunction; Survival of Undertakings.**

6.3.1 In recognition of the necessity of the limited restrictions imposed by this Plan, Participant and the Company agree that it would be impossible to measure solely in money the damages which the Company and its Affiliates would suffer if Participant were to breach any of his or her obligations hereunder. Participant acknowledges that any breach of any provision of this Plan would irreparably injure the Company and its Affiliates. Accordingly, Participant agrees that if he or she breaches any of the provisions of this Plan, the Company and its Affiliates shall be entitled, in addition to any other remedies to which the Company and its Affiliates may be entitled under this Plan or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of this Plan without the necessity of posting a bond or other security therefor, and Participant hereby waives any right to assert any claim or defense that the Company and its Affiliates have an adequate remedy at law for any such breach.

6.3.2 The covenants in this Article VI are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. In the event any court of competent jurisdiction determines that a covenant included in this Article VI is unenforceable in whole or in part because of such covenant's duration or geographical or other scope, it is the intention of the Company and the Participant that the court shall modify such restrictions, as the case may be, so as to cause such covenant as so modified to be enforceable, and this Plan shall thereby be reformed.

6.3.3 All of the provisions of this Plan shall survive any Separation from Service of Participant, without regard to the reasons for such termination. Notwithstanding anything to the contrary in this Plan, in addition to any other rights it may have, neither the Company nor any Affiliate shall have any obligation to pay or provide severance or other benefits (except as may be required under ERISA) after the date of Separation from Service if Participant has materially breached any of Participant's obligations under this Plan.

6.3.4 The covenants in this Article VI shall be construed as an agreement independent of any other provision in this Plan, and the existence of any claim or cause of action of the Participant against the Company or an Affiliate, whether predicated on this Plan, or otherwise, shall not constitute a defense to the enforcement by the Company or an Affiliate of such covenants.

ARTICLE VII. NON-EXCLUSIVITY OF RIGHTS

7.1 **Waiver of Certain Other Rights.** To the extent that Participant shall have received severance payments or other severance benefits under any other plan, program, policy, practice or procedure or agreement of the Company or any Affiliate prior to receiving severance payments or other severance benefits pursuant to Article III, the severance payments or other severance benefits under such other plan, program, policy, practice or procedure or agreement shall reduce (but not below zero) the corresponding severance payments or other benefits to which Participant shall be entitled under Article III. To the extent that Participant accepts payments made pursuant to Article III, the Participant shall be deemed to have waived his or her right to receive a corresponding amount of future severance payments or other severance benefits under any other plan, program, policy, practice or procedure or agreement of the Company or any Affiliate.

7.2 **Other Rights.** Except as expressly provided in this Plan, the Participant's participation in the Plan shall not prevent or limit Participant's continuing or future participation in any benefit, bonus, incentive or other plan, program, policy, practice or procedure provided by the Company or any Affiliate and for which Participant may qualify, nor shall this Plan limit or otherwise affect such rights as Participant may have under any other plans with the Company or any Affiliate. Amounts that are vested benefits or that Participant is otherwise entitled to receive under any plan, program, policy, practice or procedure and any other payment or benefit required by law at or after the date of Separation from Service shall be payable in accordance with such plan, program, policy, practice or procedure or applicable law except as expressly modified by this Plan.

7.3 **No Right to Continued Employment.** Nothing in this Plan shall guarantee the right of Participant to continue in employment, and the Company and the Employer retain the right to terminate Participant's employment at any time for any reason or for no reason.

ARTICLE VIII. PARTICIPATING EMPLOYERS

Upon the selection by the Board of an employee of any Subsidiary to be a Participant in this Plan, the Subsidiary shall become an Employer and the provisions of the Plan shall be fully applicable to the Employees of that Subsidiary who are designated Participants by the Board. This Plan establishes and vests in each Participant a contractual right to the relevant benefits hereunder, enforceable by the Participant against the Participant's Employer.

ARTICLE IX. SUCCESSOR TO EMPLOYER

This Plan shall bind any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) which becomes such after a Change of Control has occurred in the same manner and to the same extent that the Employer would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor (which becomes such after a Change of Control has occurred) would not by the foregoing provision or by operation of law be bound by this Plan, the Employer shall require such successor expressly and unconditionally to assume and agree to perform the Employer's obligations under this Plan, in the same manner and to the same extent that the Employer would be required to perform if no such succession had taken place. The terms "Company" and "Employer," as used in this Plan, shall mean the Company or an Employer, respectively, as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Plan.

ARTICLE X. DURATION AND AMENDMENT

10.1 **Duration.** The initial term of the Plan shall be the period beginning on the Effective Date and ending on (and including) December 31, 2021. Beginning on the last day of such initial term, and on each successive anniversary of such date, the term of the Plan shall be extended automatically for an additional successive one (1)-year term; provided, however, that if, at least three (3) months prior to the last day of any such term, the Company shall give to the Participants written notice that no such automatic extension shall occur, then this Plan shall terminate on the last day of such term. This Plan shall remain in effect until so terminated by the Company. Failure of the Company to provide the required notice to Participants shall be considered as an extension of this Plan for an additional one (1)-year term. Notwithstanding anything to the contrary contained in this "sunset provision," if a Change of Control occurs while this Plan is in effect, then this Plan shall not be subject to termination under this "sunset provision," and this Plan shall remain in force for a period of two (2) years after such Change of Control, and if within said two (2)-year period the contingency factors occur which would entitle a Participant to the benefits as provided herein, then this Plan shall remain in effect in accordance with its terms. If, within such two (2) years after a Change of Control, the contingency factors that would entitle a Participant to benefits do not occur, thereupon this Plan shall terminate at the expiration of two (2) years after such Change of Control.

10.2 **Amendment.** The Plan may not be amended except for: (i) an amendment that increases the benefits payable under the Plan or otherwise constitutes a bona fide improvement of a Participant's rights under the Plan, or (ii) an amendment which decreases the benefits of a Participant that is consented to in writing by such Participant or that is required in order for the Plan to comply with applicable law or regulation. The parties intend that all payments and reimbursements made under this Plan be excepted from Section 409A of the Code, and the regulations and other guidance promulgated thereunder (collectively, "Section 409A") and, if not excepted, be compliant with Section 409A. Accordingly, in the event of any ambiguity in this Plan, this Plan shall be interpreted and administered so as to be excepted from or, if not excepted from, compliant with, Section 409A to the fullest extent possible. In the event the Company determines that a payment or reimbursement or a series of payments or reimbursements is neither excepted from nor compliant with 409A, notwithstanding anything in this Plan to the contrary, the Company shall have the unilateral right to modify or amend this Plan as it deems reasonably appropriate with respect to Section 409A and other applicable law to render such payment excepted or compliant so as, to the extent possible, to avoid any adverse tax consequences to either the Company, any Affiliate or the Participants. Each payment under this Plan shall be deemed a separate payment for purposes of Section 409A.

10.3 **Notices.** All notices and other communications under this Plan shall be in writing and delivered by hand, by a nationally recognized delivery service that promises overnight delivery, or by first-class registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Participant:

to Participant at his or her most recent home address on file with the Company.

If to the Company or the Employer:

Matrix Service Company
5100 E. Skelly Drive, Suite 100
Tulsa, OK 74135

Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing. Notice and communications shall be effective when actually received by the addressee.

ARTICLE XI. ADMINISTRATION

11.1 **Fiduciaries.** Under certain circumstances, the Board or the Committee may be determined by a court of law to be a fiduciary with respect to a particular action under the Plan. As authorized by ERISA, to prevent any two parties to the Plan from being deemed co-fiduciaries with respect to a particular function, the Plan is intended, and should be construed, to allocate to each party to the Plan only those specific powers, duties, responsibilities, and obligations as are specifically granted to it under the Plan.

11.2 **Allocation of Responsibilities**.

11.2.1 **Board of Directors.** The Board shall have exclusive authority and responsibility for:

(i) The amendment or termination of this Plan in accordance with Sections 10.1 and 10.2; and

(ii) The delegation to the Committee of any authority and responsibility reserved herein to the Board.

11.2.2 **Committee.** The Committee shall serve as plan administrator and shall have exclusive authority and responsibility for those functions set forth in Section 11.3, in other provisions of this Plan, and in provisions of a trust used to pay benefits under this Plan.

11.3 **Provisions Concerning the Committee.**

11.3.1 **Membership and Voting**. The Committee shall consist of not less than three (3) members. The Committee shall act by a majority of its members at the time in office, and such action may be taken by a vote at a meeting, in writing without a meeting, or by telephonic communications. Attendance at a meeting, in person or by telephone, shall constitute waiver of notice thereof. A member of the Committee who is a Participant of the Plan shall not vote on any question relating specifically to such Participant. Any such action shall be voted or decided by a majority of the remaining members of the Committee. The Committee may designate one of its members as the Chairman and may appoint a Secretary who may, but need not, be a member thereof. The Committee may appoint from its members such subcommittees with such powers as the Committee shall determine.

11.3.2 **Duties of the Committee.** The Committee shall administer the Plan in accordance with its terms and shall have all the powers necessary to carry out such terms. The Committee shall execute any certificate, instrument or other written direction on behalf of the Plan and may make any payment on behalf of the Plan. All interpretations of the Plan, and questions concerning its administration and application, shall be determined by the Committee (or its delegate). The Committee may appoint such accountants, counsel, specialists, and other persons as it deems necessary or desirable in connection with the administration of the Plan. Such accountants and counsel may, but need not, be accountants and counsel for the Company.

11.4 **Delegation of Responsibilities; Bonding.**

11.4.1 **Delegation and Allocation.** The Board and the Committee, respectively, shall have the authority to delegate or allocate, from time to time, by a written instrument, all or any part of their responsibilities under the Plan to such person or persons as each may deem advisable and in the same manner to revoke any such delegation or allocation of responsibility. Any action of a person in the exercise of such delegated or allocated responsibility shall have the same force and effect for all purposes hereunder as if such action had been taken by the Board or the Committee, as the case may be. Neither the Company, any Employer, the Board, the Committee nor any member thereof shall be liable for any acts or omissions of any such person, who shall periodically report to the Board or the Committee, as applicable, concerning the discharge of the delegated or allocated responsibilities.

11.4.2 **Bonding.** The members of the Committee shall serve without bond (except as expressly required by federal law) and without compensation for their services as such.

11.5 **No Joint Fiduciary Responsibilities.** This Plan is intended to allocate to each named fiduciary the individual responsibility for the prudent execution of the functions assigned to it, and none of such responsibilities and no other responsibility shall be shared by two or more of such named fiduciaries unless such sharing is provided for by a specific provision of the Plan. Whenever one named fiduciary is required herein to follow the directions of another named fiduciary, the two named fiduciaries shall not be deemed to have been assigned a shared responsibility, but the responsibility of a named fiduciary receiving such directions shall be to follow them insofar as such instructions are on their face proper under applicable law.

11.6 **Information to be Supplied by Employer.** Each Employer shall provide to the Committee or its delegate such information as it shall from time to time need in the discharge of its duties.

11.7 **Fiduciary Capacity.** Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

11.8 **Claims Procedures.** Generally, a Participant will not need to file a claim for a Severance Benefit in order to receive benefits payable under the Plan. If, however, a Participant believes that the Participant has not received Severance Benefits to which the Participant believes the Participant is entitled, including a disagreement with respect to the amount of the Severance Benefit paid, then the Participant may file a claim for benefits as follows below.

11.8.1 **Definitions.** For purposes of this Section 11.8, the following terms, when capitalized, will be defined as follows:

(i) Adverse Benefit Determination: Any denial, reduction or termination of or failure to provide or make payment (in whole or in part) for a Plan benefit, including any denial, reduction, termination or failure to provide or make payment that is based on a determination of a Claimant's eligibility to participate in the Plan. Further, any invalidation of a claim for failure to comply with the claim submission procedure will be treated as an Adverse Benefit Determination.

(ii) Benefits Administrator: The person or office, if any, to whom the Committee has delegated day-to-day Plan administration responsibilities and who, pursuant to such delegation, processes Plan benefit claims in the ordinary course.

(iii) Claimant: A Participant or beneficiary or an authorized representative of such Participant or beneficiary who has filed or desires to file a claim for a Plan benefit.

11.8.2 **Filing of Benefit Claim.** A Claimant must file with the Committee (or the Benefits Administrator) a written claim for benefits under the Plan on the form provided by, or in any other manner approved by, the Committee. (For purposes of applying the time periods for benefit determination pursuant to Section 11.8.4, filing a claim with the Benefits Administrator will be treated as filing a claim with the Committee.) In connection with the submission of a claim, the Claimant may examine the Plan and any other relevant documents relating to the claim, and may submit written comments relating to such claim to the Committee coincident with the filing of the benefit claim form. Failure of a Claimant to comply with the claim submission procedure will invalidate such claim unless the Committee in its discretion determines that it was not reasonably possible to provide such proof or comply with such procedure.

11.8.3 **Processing of Benefit Claim.** Upon receipt of fully completed benefit claim forms from a Claimant, the Committee (or the Benefits Administrator) shall process such benefit claim considering (i) all materials submitted by the Claimant in connection with the claim, (ii) all Plan provisions pertaining to the benefit claim, and (iii) where appropriate, all information as to whether such Plan provisions have in the past been consistently applied with respect to other similarly situated Claimants. The Committee (or the Benefits Administrator) shall process the claim within the time frame provided in Section 11.8.4.

11.8.4 **Notification of Adverse Benefit Determination.** In any case of an Adverse Benefit Determination of a claim for a Plan benefit, the Committee shall furnish written notice to the affected Claimant within a reasonable period of time but not later than ninety (90) days after receipt of such claim for Plan benefits (or within one hundred and eighty (180) days if special circumstances necessitate an extension of the ninety (90)-day period and the Claimant is informed of such extension in writing within the ninety (90)-day period and is provided with an extension notice consisting of an explanation of the special circumstances requiring the extension of time and the date by which the benefit determination will be rendered). Any notice that denies a benefit claim of a Claimant in whole or in part shall, in a manner calculated to be understood by the Claimant:

(i) State the specific reason or reasons for the Adverse Benefit Determination;

(ii) Provide specific reference to pertinent Plan provisions on which the Adverse Benefit Determination is based;

(iii) Describe any additional material or information necessary for the Claimant to perfect the claim and explain why such material or information is necessary; and

(iv) Describe the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an Adverse Benefit Determination on review.

11.8.5 **Review of Adverse Benefit Determination.** A Claimant has the right to have an Adverse Benefit Determination reviewed in accordance with the following claims review procedure:

(i) The Claimant must submit a written request for such review to the Committee not later than sixty (60) days following receipt by the Claimant of the Adverse Benefit Determination notification;

(ii) The Claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits to the Committee;

(iii) The Claimant shall have the right to have all comments, documents, records, and other information relating to the claim for benefits that have been submitted by the Claimant considered on review without regard to whether such comments, documents, records or information were considered in the initial benefit determination; and

(iv) The Claimant shall have reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits free of charge upon request, including (a) documents, records or other information relied upon for the benefit determination, (b) documents, records or other information submitted, considered or generated without regard to whether such documents, records or other information were relied upon in making the benefit determination, and (c) documents, records or other information that demonstrates compliance with the standard claims procedure.

The decision on review by the Committee will be binding and conclusive upon all persons, and the Claimant shall neither be required nor be permitted to pursue further appeals to the Committee.

11.8.6 **Notification of Benefit Determination on Review.** Notice of the Committee's final benefit determination regarding an Adverse Benefit Determination will be furnished in writing or electronically to the Claimant after a full and fair review. Notice of an Adverse Benefit Determination upon review will:

(i) State the specific reason or reasons for the Adverse Benefit Determination;

(ii) Provide specific reference to pertinent Plan provisions on which the Adverse Benefit Determination is based;

(iii) State that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits including (a) documents, records or other information relied upon for the benefit determination, (b) documents, records or other information submitted, considered or generated without regard to whether such documents, records or other information were relied upon in making the benefit determination, and (c) documents, records or other information that demonstrates compliance with the standard claims procedure; and

(iv) Describe the Claimant's right to bring an action under Section 502(a) of ERISA.

The Committee shall notify a Claimant of its determination on review with respect to the Adverse Benefit Determination of the Claimant within a reasonable period of time but not later than sixty (60) days after the receipt of the Claimant's request for review unless the Committee determines that special circumstances require an extension of time for processing the review of the Adverse Benefit Determination. If the Committee determines that such extension of time is required, written notice of the extension (which shall indicate the special circumstances requiring the extension and the date by which the Committee expects to render the determination on review) shall be furnished to the Claimant prior to the termination of the initial sixty (60)-day review period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial sixty (60)-day review period. In the event such extension is due to the Claimant's failure to submit necessary information, the period for making the determination on a review will be tolled from the date on which the notification of the extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information.

11.8.7 **Exhaustion of Administrative Remedies.** Completion of the claims procedures described in this Section 11.8 will be a condition precedent to the commencement of any legal or equitable action in connection with a claim for benefits under the Plan by a Claimant or by any other person or entity claiming rights individually or through a Claimant; provided, however, that the Committee may, in its sole discretion, waive compliance with such claims procedures as a condition precedent to any such action.

11.8.8 **Payment of Benefits.** If the Committee (or the Benefits Administrator) determines that a Claimant is entitled to a benefit hereunder, payment of such benefit will be made to such Claimant (or commence, as applicable) as soon as administratively practicable after the date the Committee (or the Benefits Administrator) determines that such Claimant is entitled to such benefit or on such other date as may be established pursuant to the Plan provisions or, as applicable, designated by the Committee.

11.8.9 **Authorized Representatives.** An authorized representative may act on behalf of a Claimant in pursuing a benefit claim or an appeal of an Adverse Benefit Determination. An individual or entity will only be determined to be a Claimant's authorized representative for such purposes if the Claimant has provided the Committee with a written statement identifying such individual or entity as the Claimant's authorized representative and describing the scope of the authority of such authorized representative. In the event a Claimant identifies an individual or entity as an authorized representative in writing to the Committee but fails to describe the scope of the authority of such authorized representative, the Committee shall assume that such authorized representative has full powers to act with respect to all matters pertaining to the Claimant's benefit claim under the Plan or appeal of an Adverse Benefit Determination with respect to such benefit claim.

ARTICLE XII. MISCELLANEOUS

12.1 **Employment Status.** The Plan does not constitute a contract of employment or impose on the Participant or the Participant's Employer any obligation to retain the Participant as an Employee, any restriction on changing the status of the Participant's employment, or any restriction on changing the policies of the Company or its Affiliates regarding termination of employment.

12.2 **Validity and Severability.** The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12.3 **Governing Law.** The validity, interpretation, construction and performance of the Plan shall in all respects be governed by the laws of the United States and, to the extent not preempted by such laws, by the laws of the State of Delaware, without regard to choice of law principles.

12.4 **Withholding and Payment of Taxes.** The Company or its Affiliates may withhold from any amounts payable under the Plan all federal, state, local and/or other taxes as shall be legally required. In addition, except as otherwise provided herein, each Participant shall be solely responsible for the payment of all income, excise and other taxes which are individually levied on the Participant by any taxing authority with respect to any amount paid to such Participant under the Plan.

12.5 **Obligations Unfunded.** All benefits due a Participant under the Plan are unfunded and unsecured and are payable out of the general funds of the Employers. One or more Employers may establish a "grantor trust" for the payment of benefits and obligations hereunder, the assets of which shall be at all times subject to the claims of creditors as provided for in such trust.

12.6 **Construction.** For purposes of the Plan, the following rules of construction shall apply:

12.6.1 The word "or" is disjunctive but not necessarily exclusive.

12.6.2 Words in the singular include the plural; words in the plural include the singular; and words in the neuter gender include the masculine and feminine genders.

The Plan has been adopted by the Company to be effective as of the 13th day of September 2021, amended and reinstated May 2, 2022.

MATRIX SERVICE COMPANY

By: ___________________________________
Name: _________________________________
Title: _________________________________

EXHIBIT A

ADDITIONAL PROVISIONS OF THE SUMMARY PLAN DESCRIPTION OF THE PLAN

I. General Plan Information:

Name of Plan: Matrix Service Company 2021 Severance Plan for Executives (the "Plan")

Plan Sponsor and Employer Identification Number:
Matrix Service Company
5100 E. Skelly Drive, Suite 100 Tulsa, OK 74135
EIN: 73-1352174

Plan Number: Plan #515

Type of Plan: Welfare Benefits

Type of Administration: Plan Administrator

Plan Administrator (and Agent for Service of Legal Process):
Matrix Severance Plan Committee
5100 E. Skelly Drive, Suite 100
Tulsa, OK 74135

Plan Year: The Plan Year ends on the 31st day of December of each year.

II. The Statement of ERISA Rights.

As a Participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to:

Receive Information About Your Plan and Benefits

* Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series), if applicable, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

* Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series), if applicable, and of the updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

* Receive a summary of the Plan's annual financial report, if applicable. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, then you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

EXHIBIT B

PARTICIPATION AGREEMENT

Name:

Section 1. ELIGIBILITY.

You have been designated as eligible to participate as a Participant in the Matrix Service Company 2021 Severance Plan for Executives (the "**Plan**"), as amended and restated May 2, 2022, a copy of which is attached to this Participation Agreement (the "**Participation Agreement**"). Capitalized terms not explicitly defined in this Participation Agreement but defined in the Plan shall have the same definitions as in the Plan. Subject to all of the terms and conditions set forth in the Plan, you will receive the benefits described herein if you meet all the eligibility requirements described in the Plan, including, without limitation, executing and returning this Participation Agreement no later than ___________ and the required Release within the applicable time period set forth therein.

Section 2. CHANGE OF CONTROL SEVERANCE BENEFITS.

If you incur an involuntary Separation from Service by action of the Employer other than for Cause or voluntarily incur a Separation from Service for Good Reason during a period that commences 180 days prior to the Change of Control and expires on the two (2) year anniversary of the Change of Control (the "Change of Control Period"), you shall be entitled to a lump sum cash payment in an amount equal to ________ percent (___%) of your Change of Control Severance Compensation set forth in Section 1.1.8 of the Plan on the Payment Date.

Section 3. NON-CHANGE OF CONTROL SEVERANCE BENEFITS.

If you incur an involuntary Separation from Service by action of the Employer other than for Cause outside of the Change of Control Period, you shall be entitled to a lump sum cash payment in an amount equal to ________ percent (___%) of your General Severance Compensation under Section 1.1.18 of the Plan.

Section 4. ACKNOWLEDGEMENTS; INTERACTION WITH PRIOR BENEFITS.

As a condition to participation in the Plan, you hereby acknowledge each of the following:

(a) The benefits that may be provided to you under the Plan are subject to certain reductions and termination under Article III of the Plan.

(b) Your eligibility for and receipt of any Severance Benefits to which you may become entitled as described in the Plan is expressly contingent upon your compliance with the terms and conditions of the Plan and your execution and compliance with a waiver and release in form and substance satisfactory to the Company. Severance Benefits under the Plan shall immediately cease in the event of your violation of the provisions of Article VI of the Plan or any other written agreement with the Company.

(c) As further described in Section 2.3 of the Plan, the Plan supersedes and replaces any change of control or severance benefits previously provided to you, including but not limited to any benefits under a Change of Control or Change of Control/Severance Agreement, and by executing below you expressly agree to such treatment.

To accept the terms of this Participation Agreement and participate in the Plan, please sign and date this Participation Agreement in the space provided below and return it to _____________________ no later than _________, ____.

Matrix Service Company

By:

Participant

[Insert Name]

Date:

Exhibit 31.1

CERTIFICATIONS

I, John R. Hewitt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matrix Service Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2022

/s/ John R. Hewitt

John R. Hewitt
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Kevin S. Cavanah, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matrix Service Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 10, 2022

/s/ Kevin S. Cavanah

Kevin S. Cavanah
Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant
Section 906 of Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matrix Service Company (the “Company”) on Form 10-Q for the period ending March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John R. Hewitt, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; 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 10, 2022

/s/ John R. Hewitt

John R. Hewitt
President and Chief Executive Officer

EXHIBIT 32.2

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant
Section 906 of Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matrix Service Company (the “Company”) on Form 10-Q for the period ending March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin S. Cavanah, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; 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 10, 2022

/s/ Kevin S. Cavanah

Kevin S. Cavanah
Vice President and Chief Financial Officer

Exhibit 95

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the federal Mine Safety and Health Administration ("MSHA"). We do not act as the owner of any mines, but as a result of our performing services or construction at mine sites as an independent contractor, we are considered an "operator" within the meaning of the Mine Act. The mine data retrieval system maintained by MSHA may show information that is different than what is provided herein. Any such difference may be attributed to the need to update that information on MSHA's system and/or other factors.

The following table provides information for the three months ended March 31, 2022:

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations(1)	Section 104(b) Orders(2)	Section 104(d) Citations and Orders(3)	Section 110(b)(2) Violations(4)	Section 107(a) Orders(5)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e)(6) (yes/no)	Received Notice of Potential to Have Pattern of Violations Under Section 104(e)(7) (yes/no)	Total Number of Legal Actions Pending as of Last Day of Period	Total Number of Legal Actions Initiated During Period	Total Number of Legal Actions Resolved During Period
Pinto Valley Mine, 02-01049	—	—	—	—	—	—	—	No	No	—	—	—

(1) The total number of citations issued under section 104 of the Mine Act for violations of mandatory health or safety standards that could significantly and substantially contribute to a serious injury if left unabated.

(2) The total number of orders issued under section 104(b) of the Mine Act, which represent a failure to abate a citation under section 104(a) within the period of time prescribed by MSHA.

(3) The total number of citations and orders issued by MSHA under section 104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.

(4) The total number of flagrant violations identified under section 110(b)(2) of the Mine Act.

(5) The total number of orders issued under section 107(a) of the Mine Act for situations in which MSHA determined an imminent danger existed.

(6) A written notice from the MSHA regarding a pattern of violations under section 104(e) of the Mine Act.

(7) A written notice from the MSHA regarding a potential to have a pattern of violations under section 104(e) of the Mine Act.