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

FORM 10-Q

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

For the quarterly period ended September 30, 2019

OR

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

Commission File Number 001-36541

LIMBACH HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware, USA (State or other jurisdiction of incorporation or organization)	**46-5399422** (I.R.S. Employer Identification No.)
1251 Waterfront Place, Suite 201 **Pittsburgh, Pennsylvania** (Address of principal executive offices)	**15222** (Zip Code)

1-412-359-2100
(Registrant's telephone number, including area code)

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**	**Name of each exchange on which registered**
Common Stock, par value $0.0001 per share	LMB	The Nasdaq Capital Market

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

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

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

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

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

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

As of November 13, 2019, there were7,688,958 shares of the registrant's common stock, $0.0001 par value per share, outstanding.

LIMBACH HOLDINGS, INC.

Form 10-Q

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Part I

Item 1. Financial Statements

LIMBACH HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share and per share data)	**September 30, 2019**	**December 31, 2018**
ASSETS		
Current assets		
Cash and cash equivalents	$ 760	$ 1,619
Restricted cash	113	113
Accounts receivable, net	143,279	135,687
Costs and estimated earnings in excess of billings on uncompleted contracts	45,974	32,698
Other current assets (Note 14)	5,040	34,869
Total current assets	195,166	204,986
Property and equipment, net of accumulated depreciation of $15.1 million and $11.8 million at September 30, 2019 and December 31, 2018, respectively	21,560	20,527
Intangible assets, net	12,454	12,953
Goodwill	6,129	10,488
Deferred tax asset	5,315	4,409
Other assets	730	271
Total assets	$ 241,354	$ 253,634
LIABILITIES		
Current liabilities		
Current portion of long-term debt	$ 3,548	$ 3,141
Accounts payable, including retainage	72,947	74,353
Billings in excess of costs and estimated earnings on uncompleted contracts	44,751	50,843
Accrued income taxes	66	-
Accrued expenses and other current liabilities (Note 14)	33,530	53,801
Total current liabilities	154,842	182,138
Long-term debt	39,583	23,614
Other long-term liabilities	1,958	1,514
Total liabilities	196,383	207,266
Commitments and contingencies (Note 14)		
Redeemable convertible preferred stock, net, par value $0.0001, 1,000,000 shares authorized, no shares issued and outstanding at September 30, 2019 or December 31, 2018	-	-
STOCKHOLDERS' EQUITY		
Common stock, $0.0001 par value; 100,000,000 shares authorized, 7,688,958 issued and outstanding at September 30, 2019 and 7,592,911 at December 31, 2018	1	1
Additional paid-in capital	56,164	54,791
Accumulated deficit	(11,194)	(8,424)
Total stockholders' equity	44,971	46,368
Total liabilities and stockholders' equity	$ 241,354	$ 253,634

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

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

(*in thousands, except share and per share data*)	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenue	$ 147,768	$ 135,062	$ 414,472	$ 395,142
Cost of revenue	129,977	124,372	359,247	355,367
Gross profit	17,791	10,690	55,225	39,775
Operating expenses:				
Selling, general and administrative expenses	16,568	13,325	49,691	42,676
Amortization of intangibles	149	304	499	975
Total operating expenses	16,717	13,629	50,190	43,651
Operating income (loss)	1,074	(2,939)	5,035	(3,876)
Other income (expenses):				
Interest expense, net	(1,759)	(787)	(4,190)	(2,355)
Gain on disposition of property and equipment	17	36	38	76
Loss on debt extinguishment	-	-	(513)	-
Gain on change in fair value of warrant liability	525	-	422	-
Impairment of goodwill	(4,359)	-	(4,359)	-
Total other expenses	(5,576)	(751)	(8,602)	(2,279)
Loss before income taxes	(4,502)	(3,690)	(3,567)	(6,155)
Income tax benefit	(1,090)	(185)	(797)	(936)
Net loss	(3,412)	(3,505)	(2,770)	(5,219)
Dividends on cumulative redeemable convertible preferred stock	-	-	-	(113)
Premium paid on partial preferred redemption	-	-	-	2,219
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (3,412)	$ (3,505)	$ (2,770)	$ (7,325)
Earnings Per Share ("EPS")				
Basic loss per share for common stock:				
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (0.44)	$ (0.46)	$ (0.36)	$ (0.97)
Diluted loss per share for common stock:				
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (0.44)	$ (0.46)	$ (0.36)	$ (0.97)
Weighted average number of shares outstanding:				
Basic	7,673,517	7,574,545	7,653,372	7,552,945
Diluted	7,673,517	7,574,545	7,653,372	7,552,945

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

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

(in thousands, except share amounts)	Common Stock: Number of shares outstanding	Common Stock: Par value amount	Additional paid-in capital	Accumulated deficit	Stockholders' equity
Balance at December 31, 2018	7,592,911	$ 1	$ 54,791	$ (8,424)	$ 46,368
Stock-based compensation	-	-	367	-	367
Shares issued related to vested restricted stock units	50,222	-	-	-	-
Net income	-	-	-	2,146	2,146
Balance at March 31, 2019	7,643,133	1	55,158	(6,278)	48,881
Stock-based compensation	-	-	515	-	515
Net loss	-	-	-	(1,504)	(1,504)
Balance at June 30, 2019	7,643,133	1	55,673	(7,782)	47,892
Shares issued related to vested restricted stock units	45,825	-	-	-	-
Stock-based compensation	-	-	491	-	491
Net loss	-	-	-	(3,412)	(3,412)
Balance at September 30, 2019	7,688,958	$ 1	$ 56,164	$ (11,194)	$ 44,971

(in thousands, except share amounts)	Common Stock: Number of shares outstanding	Common Stock: Par value amount	Additional paid-in capital	Accumulated deficit	Stockholders' equity
Balance at December 31, 2017	7,504,133	$ 1	$ 54,738	$ (6,579)	$ 48,160
Dividends on redeemable convertible preferred stock	-	-	113	-	113
Premium paid on redemption of redeemable convertible preferred stock	-	-	(2,219)		(2,219)
Stock-based compensation	-	-	467	-	467
Shares issued related to vested restricted stock units	27,489	-	-	-	-
Exercise of warrants	10,627	-	-	-	-
Net loss	-	-	-	(2,424)	(2,424)
Balance at March 31, 2018	7,542,249	1	53,099	(9,003)	44,097
Stock-based compensation	-	-	654	-	654
Net income	-	-	-	710	709
Balance at June 30, 2018	7,542,249	1	53,753	(8,293)	45,460
Stock-based compensation	48,529	-	542	-	542
Net loss	-	-	-	(3,505)	(3,504)
Balance at September 30, 2018	7,590,778	$ 1	$ 54,295	$ (11,798)	$ 42,498

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

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended September 30,	
(in thousands)	**2019**	**2018**
Cash flows from operating activities:		
Net loss	$ (2,770)	$ (5,219)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation and amortization	4,234	4,216
Impairment of goodwill	4,359	-
Provision for doubtful accounts	104	57
Stock-based compensation expense	1,373	1,663
Amortization of debt discount and issuance costs	901	229
Deferred income tax benefit	(906)	(1,031)
Loss on debt extinguishment	513	-
Change in fair value of warrant liability	(422)	-
Gain on sale of property and equipment	(38)	(76)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(7,696)	(11,043)
(Increase) decrease in costs and estimated earnings in excess of billings on uncompleted contracts	(13,276)	599
(Increase) decrease in other current assets [1]	29,732	(33,365)
(Increase) decrease in other assets	-	430
Increase (decrease) in accounts payable	(1,406)	(7,300)
Increase (decrease) in billings in excess of costs and estimated earnings on uncompleted contracts	(6,092)	23,877
(Increase) decrease in prepaid income taxes [1]	92	(611)
Increase (decrease) in accrued taxes payable	66	(2,220)
Increase (decrease) in accrued expenses and other current liabilities	(26,250)	31,687
Increase (decrease) in other long-term liabilities	(102)	326
Net cash (used in) provided by operating activities	(17,584)	2,219
Cash flows from investing activities:		
Proceeds from sale of property and equipment	148	160
Advances to joint ventures	3	1
Purchase of property and equipment	(2,192)	(3,448)
Net cash used in investing activities	(2,041)	(3,287)
Cash flows from financing activities:		
Increase in bank overdrafts	6,102	757
Payments on Credit Agreement term loan	(14,335)	(2,400)
Proceeds from Credit Agreement revolver	17,500	101,016
Payments on Credit Agreement revolver	(17,500)	(94,698)
Proceeds from 2019 Revolving Credit Facility	19,250	-
Payments on 2019 Revolving Credit Facility	(19,250)	-
Proceeds from 2019 Refinancing Term Loan, net of debt discount	38,643	-
Warrants issued in conjunction with the 2019 Refinancing Term Loan	969	-
Embedded derivative associated with the 2019 Refinancing Term Loan	388	-
Proceeds from Bridge Term Loan	-	10,000
Payments on Bridge Term Loan	(7,736)	(2,014)
Payments on capital leases	(1,803)	(1,417)
Convertible preferred stock redeemed	-	(9,191)
Convertible preferred stock dividends paid	-	(875)
Payments of debt issue costs	(3,339)	-
Taxes paid related to net-share settlement of equity awards	(123)	(210)
Net cash provided by financing activities	18,766	968
Decrease in cash, cash equivalents and restricted cash	(859)	(100)
Cash, cash equivalents and restricted cash, beginning of period	1,732	739
Cash, cash equivalents and restricted cash, end of period	$ 873	$ 639
Supplemental disclosures of cash flow information		
Noncash investing and financing transactions:		
Property and equipment acquired financed with capital leases	$ 2,685	$ 1,989
Interest paid	$ 3,091	$ 2,125

[1] The prior period has been reclassified to conform to the current period presentation.

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

LIMBACH HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 – Organization and Plan of Business Operations

Limbach Holdings, Inc. (the "Company" or "we") is a Delaware corporation headquartered in Pittsburgh, Pennsylvania. The Company's Condensed Consolidated Financial Statements include the accounts of Limbach Holdings, Inc. and its wholly owned subsidiaries, including Limbach Holdings LLC ("LHLLC"), Limbach Facility Services LLC ("LFS"), Limbach Company LLC, Limbach Company LP, Harper Limbach LLC ("Harper") and Harper Limbach Construction LLC.

We operate our business in two segments, (i) Construction, in which we generally manage large construction or renovation projects that involve primarily heating, ventilation, and air conditioning ("HVAC"), plumbing or electrical services, and (ii) Service, in which we provide maintenance or service primarily on HVAC, plumbing or electrical systems. This work is primarily performed under fixed price, modified fixed price, and time and material contracts over periods of typically less than two years. The Company's customers operate in several different industries, including healthcare, education, government, commercial, manufacturing, mission critical, entertainment, and leisure. The Company operates primarily in the Northeast, Mid-Atlantic, Southeast, Midwest, and Southwestern regions of the United States.

The Company was originally incorporated as a special purpose acquisition company, formed for the purpose of effecting a merger, equity interest exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. On July 20, 2016, the Company consummated a business combination (the "Business Combination") whereby it acquired all of the outstanding equity of LHLLC. In connection with the closing of the Business Combination, the Company changed its name from 1347 Capital Corp. ("1347 Capital") to Limbach Holdings, Inc.

Emerging Growth Company

Section 102(b)(1) of the Jumpstart Our Business Startups Act (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a registration statement under the Securities Act of 1933, as amended, declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company, which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

Note 2 – Significant Accounting Policies

Basis of Presentation

Condensed Financial Statements

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with instructions to the Quarterly Report on Form 10-Q and Rule 8-03 of Regulation S-X for smaller reporting companies. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. Readers of this report should refer to the consolidated financial statements and the notes thereto included in our latest Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on April 15, 2019.

Unaudited Interim Financial Information

The accompanying interim Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Stockholders' Equity and Condensed Consolidated Statements of Cash Flows for the periods presented are unaudited. Also, within the notes to the Condensed Consolidated Financial Statements, we have included unaudited information for these interim periods. These unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with GAAP. In our opinion, the accompanying unaudited Condensed Consolidated Financial Statements contain all normal and recurring adjustments necessary for a fair statement of the Company's financial position as of September 30, 2019, its results of operations for the three and nine months ended September 30, 2019, and its cash flows for the nine months ended September 30, 2019. The results for the three and nine months ended September 30, 2019 are not necessarily indicative of the results to be expected for the year ending December 31, 2019.

The Condensed Consolidated Balance Sheet as of December 31, 2018 was derived from our audited financial statements filed with the SEC on April 15, 2019, but is presented as condensed and does not contain all of the footnote disclosures from the annual financial statements.

Revenues and Cost Recognition

Revenues from fixed price and modified fixed price contracts are recognized on the percentage-of-completion method, measured by the relationship of total cost incurred to total estimated contract costs (cost-to-cost method). Contract revenue for long-term construction contracts is based upon management's estimates of contract values at completion, including revenue for additional work on which the contract value has not been finalized (claims and unapproved change orders) but is considered probable. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to estimated costs and income, and are recognized in the period in which the revisions are determined.

Provisions for estimated losses on uncompleted contracts are recognized in the period in which such losses are determined.

Contract costs include direct labor, material, and subcontractor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, depreciation, and insurance. Total estimated contract costs are based upon management's current estimate of total costs at completion.

There are two basic types of service contracts: fixed price service contracts which are signed in advance for maintenance, repair and retrofit work over a period of typically one year, and service contracts not signed in advance for similar maintenance, repair and retrofit work performed on an as-needed basis. Fixed price service contracts are generally performed evenly over the contract period, and accordingly, revenue is recognized on a pro rata basis over the life of the contract. Revenues derived from other service contracts are recognized when the services are performed. Expenses related to all service contracts are recognized as services are provided.

Costs and estimated earnings in excess of billings on uncompleted contracts reflected in the Condensed Consolidated Financial Statements arise when revenues have been recognized but the amounts cannot be billed under the terms of the contracts. Also included in costs and estimated earnings in excess of billings on uncompleted contracts are amounts the Company seeks or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price, or other customer-related causes of unanticipated additional contract costs (claims and unapproved change orders). Claims and unapproved change orders are recorded at estimated net realizable value when realization is probable and can be reasonably estimated. No profit is recognized on the construction costs incurred in connection with claim amounts. Claims and unapproved change orders made by the Company may involve negotiation and, in rare cases, litigation. Claims and unapproved change orders involve the use of estimates, and it is reasonably possible that revisions to the estimated recoverable amounts of recorded claims and unapproved change orders may be made in the near term. Claims against the Company are recognized when a loss is considered probable and amounts are reasonably determinable. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

In accordance with industry practice, we classify as current all assets and liabilities relating to the performance of contracts. The terms of our contracts generally range from six months to two years.

Selling, general, and administrative costs are charged to expense as incurred. Bidding and proposal costs are also recognized as an expense in the period in which such amounts are incurred.

Reclassifications and Adjustments

Certain reclassifications of prior periods' data have been made to conform to the current period presentation. The Company reclassified this prior period data as a result of the retrospective adoption on January 1, 2019 of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-18, "Statement of Cash Flows: Restricted Cash."

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Company's Condensed Consolidated Balance Sheets that sum to the total of the same amounts shown in the Condensed Consolidated Statements of Cash Flows:

(in thousands)	September 30, 2019	December 31, 2018	September 30, 2018	December 31, 2017
Cash and cash equivalents	$ 760	$ 1,619	$ 526	$ 626
Restricted cash	113	113	113	113
Total cash, cash equivalents and restricted cash	$ 873	$ 1,732	$ 639	$ 739

Note 3 – Accounting Standards

Recent Accounting Pronouncements

The effective dates shown in the following pronouncements are private company effective dates, based upon the Company's election to conform to private company effective dates based on the relief provided to Emerging Growth Companies ("EGC") under the JOBS Act.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers—Topic 606," which supersedes the revenue recognition requirements in FASB Accounting Standard Codification ("ASC") 605. The new guidance established principles for reporting revenue and cash flows arising from an entity's contracts with customers. This new revenue recognition standard will replace all of the recognition guidance within GAAP. This guidance was deferred by ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the effective date, issued by the FASB in August 2015," which deferred the effective date of ASU 2014-09 from annual and interim periods beginning after December 15, 2017 to annual and interim periods beginning after December 15, 2018. In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers: Principal versus Agent Considerations," which further clarifies the implementation guidance in ASU 2014-09. In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," to expand the guidance on identifying performance obligations and licensing within ASU 2014-09. In May 2016, the FASB issued ASU 2016-12, "Revenues from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients," which amends the guidance in the new revenue standard on collectability, noncash consideration, presentation of sales tax, and transition. The amendments are intended to address implementation issues that were raised by stakeholders and provide additional practical expedients to reduce the cost and complexity of applying the new revenue standard. The guidance can be applied on a full retrospective or modified retrospective basis whereby the entity records a cumulative effect of initially applying this update at the date of initial application. In December 2016, the FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers" intended to clarify the codification or to correct unintended application of the guidance which clarifies the definition of loan guarantee fees, what should be considered in contract costs impairment testing, a requirement that provisions for losses on construction-type and production-type contracts be determined at the least at the contract level, exclusion of insurance contracts from scope, specific disclosures regarding remaining performance obligations, disclosure of prior-period performance obligations and gives an example of contract modifications. These standards are required to be implemented by the Company for its fiscal year 2019 Consolidated Financial Statements and for interim periods beginning in fiscal year 2020.

We have made progress in evaluating the impact of the new pronouncement on our contracts, including identifying potential differences that will result from applying the new guidance. Retention related balances will be presented as a separate contract asset instead of a component of accounts receivable on the face of the balance sheet. Management will evaluate the nature of warranties provided to the Company's customers to determine if such warranties represent an assurance-type or service-type warranty, which requires identification and treatment as a separate performance obligation. For purposes of revenue recognition, such warranties are currently included in total estimated project costs. We are currently evaluating the cumulative effect adjustment for this warranty matter. Further, management intends to develop a process for calculating the balance of remaining unsatisfied performance obligations, which is a required disclosure under the new revenue recognition standard that may differ from the historical calculation of backlog, although we intend to continue disclosing backlog in our future SEC filings. We expect to separately present contract assets and liabilities in our consolidated balance sheets. Contract assets will include amounts due under contractual retainage provisions, unbilled receivables, and costs and estimated earnings in excess of billings. Contract liabilities will include provisions for losses and billings in excess of costs and estimated earnings. We have drafted our revised accounting policies and are evaluating the enhanced disclosure requirements on our business processes, controls and systems.

Using the modified retrospective method, we anticipate adopting this standard for fiscal year 2019 and for interim periods beginning in fiscal year 2020. As a result of the review of our various types of revenue arrangements, we do not anticipate that the adoption will have a material impact on our Condensed Consolidated Financial Statements, particularly as it relates to revenues generated from long-term construction, service maintenance, and time and materials contracts.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," ASU 2016-02 provides an approach for classifying leases as either finance leases or operating leases. For either classification, a right-of-use ("ROU") asset and a lease liability will be required to be recognized, unless the term of the lease is one year or less. The guidance is required to be applied using a modified retrospective approach which includes optional practical expedients. In January 2018, the FASB issued ASU No. 2018-01, "Leases (Topic 842)," that clarified the standard by providing a practical expedient in transition to not evaluate existing or expired land easements under Topic 842 that were not previously accounted for as leases under Topic 840. In July 2018, the FASB issued ASU 2018-10, "Codification Improvements to Topic 842, Leases," to correct inconsistencies in the guidance and clarify how to apply certain provisions of the lease standards. In addition, the FASB issued ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements," intended to reduce costs and ease implementation of the leases standard for financial statement preparers by providing a new transition method and a practical expedient for separating components of a contract. Under the new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Because the Company's EGC status is set to expire on December 31, 2019, the Company is expected to comply with this standard beginning in the fourth quarter of 2019. Earlier application is permitted. During the second quarter of 2019, we selected a software solution and engaged a service provider to assist us in evaluating the impact of the new pronouncement. Lease data elements have been gathered and are currently being migrated to the software solution. While the Company has not yet completed its evaluation of the effects of adopting this ASU, right-of-use assets and lease liabilities will be recorded in the Consolidated Balance Sheets as of the fourth quarter of 2019 and thereafter. We expect to elect the 'package of practical expedients,' which permits the Company to not reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. The Company currently does not expect to elect the use of the hindsight practical expedient or the practical expedient pertaining to land easements. The Company, however, expects to elect the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company also currently expects to elect the practical expedient to not separate lease and non-lease components for our real estate and vehicle leases. The adoption of this standard is not anticipated to have a material impact on the recognition, measurement or presentation of lease expenses within the Condensed Consolidated Statement of Operations or Condensed Consolidated Statements of Cash Flows.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows: Restricted Cash" to address diversity in practice in the classification and presentation of changes in restricted cash on the statement of cash flows. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, and for interim periods beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The amendments should be applied using a retrospective transition method to each period presented. On January 1, 2019, the Company adopted the provisions of ASU 2016-18 using the retrospective transition method. As a result, changes in restricted cash are now included in the beginning of period and end of period total cash, cash equivalents and restricted cash amounts. See Note 2 for further details.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business” to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments provide a screen to determine when a set of assets and activities is not a business. If the screen is not met, the amendments require further consideration of inputs, substantive processes and outputs to determine whether the transaction is an acquisition of a business. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, and for interim periods within annual periods beginning after December 15, 2019. The amendments in this update are to be applied prospectively on or after the effective date. The adoption of this standard is not anticipated to have a material impact on the previously issued Condensed Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, “Intangibles–Goodwill and Other - Simplifying the Test for Goodwill Impairment” to address the cost and complexity of the goodwill impairment test which resulted in the elimination of Step 2 from the goodwill impairment test. Step 2 measured a goodwill impairment loss by comparing the implied fair value of goodwill by assigning fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Rather, the Company would be required to do its annual and interim goodwill impairment tests by comparing the fair value of the reporting unit with its carrying amount and to recognize an impairment charge for the amount by which the carrying amount is greater than the reporting unit’s fair value, not to exceed the total amount of goodwill allocated to that reporting unit. Income tax effects measuring the goodwill impairment loss, if applicable, from any tax deductible goodwill on the carrying amount on the reporting unit should also be considered. The guidance is effective for financial statements issued for the Company’s annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments in this update are to be applied on a prospective basis. Management adopted this standard in the first quarter of 2019 and applied the guidance within the standard when performing the Company’s interim impairment tests.

In June 2018, the FASB issued ASU 2018-07, “Compensation – Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Accounting,” to simplify the accounting for share-based payment transactions to non-employees for goods and services by aligning it with the guidance for share-based payments to employees. Because the Company’s EGC status is set to expire on December 31, 2019, unless other disqualifying provisions apply prior to that date (see Item 2. JOBS Act), the Company is expected to comply with this standard beginning the fourth quarter of 2019. Early adoption is permitted, but no earlier than an entity’s adoption date of ASU 2014-09, “Revenue from Contracts with Customers—Topic 606.” The adoption of this standard is expected to have no material impact on the Condensed Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,” to improve the effectiveness of disclosures in the notes to financial statements related to recurring or nonrecurring fair value measurements by removing amounts and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. The new standard requires disclosure of the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments in this update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of this standard only impacts disclosure; therefore, the Company does not expect that it will have a material impact on the Condensed Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments, which introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial instruments, including trade receivables and off-balance sheet credit exposure. Under this guidance, an entity is required to consider a broader range of information to estimate expected credit losses, which may result in earlier recognition of losses. This ASU also requires disclosure of information regarding how a company developed its allowance, including changes in the factors that influenced management’s estimate of expected credit losses and the reasons for those changes. The guidance is effective for smaller reporting companies on January 1, 2023 with early adoption permitted. The adoption of this standard will be through a cumulative-effect adjustment to retained earnings as of the effective date. Based on our historical experience, the Company does not expect that this pronouncement will have a significant impact in its financial statements or on the estimate of the allowance for doubtful accounts.

Note 4 – Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable and the allowance for doubtful accounts are comprised of the following:

(*in thousands*)	**September 30, 2019**	**December 31, 2018**
Accounts receivable	$ 111,280	$ 106,063
Retainage	32,339	29,867
Allowance for doubtful accounts	(340)	(243)
Accounts receivable, net	$ 143,279	$ 135,687

Note 5 – Contracts in Progress

(*in thousands*)		September 30, 2019		December 31, 2018
Revenue earned on uncompleted contracts	$	809,414	$	731,923
Less: Billings to date		(808,191)		(750,068)
Net underbilling (overbilling)	$	1,223		(18,145)
The above is reflected in the accompanying Condensed Consolidated Balance Sheets as follows:				
Costs and estimated earnings in excess of billing on uncompleted contracts	$	45,974	$	32,698
Billings in excess of costs and estimated earnings on uncompleted contracts		(44,751)		(50,843)
Net underbilling (overbilling)	$	1,223	$	(18,145)

Accounts payable includes retainage due to subcontractors totaling $11.8 million and $13.0 million as of September 30, 2019 and December 31, 2018, respectively.

The Company has asserted claims and unapproved change orders on certain construction projects. These occur typically as a result of scope changes and project delays. Management continually evaluates these items and estimates the recoverable amounts and, if significant, these recoverability estimates are evaluated to determine the net realizable value. If additional amounts are recovered, additional contract revenue would be recognized.

For the three months ended September 30, 2019, we recorded revisions in our contract estimates for certain construction and service projects. For individual construction projects with revisions having a material gross profit impact, this resulted in gross profit write ups totaling $0.6 million on one Mid-Atlantic region project and one New England region project. We also recorded revisions in contract estimates that resulted in project write downs totaling $3.7 million on six construction projects in our Southern California region and one construction project in our New England region.

For the nine months ended September 30, 2019, we recorded revisions in our contract estimates for certain construction and service projects. For individual construction projects with revisions having a material gross profit impact, this resulted in gross profit write ups totaling $3.4 million on seven construction projects, including two projects totaling $0.7 million for our Mid-Atlantic region. In addition, one of these project write ups in the amount of $1.4 million resulted from our settlement of a significant Michigan project. Revisions in our contract estimates on one service project resulted in a gross profit write up of $0.2 million on a Mid-Atlantic region project. We also recorded revisions in contract estimates that resulted in project write downs totaling $6.5 million on nine construction projects, including seven projects totaling $5.1 million in our Southern California region, one project for $1.0 million in our Western Pennsylvania region and one project for $0.4 million in our Mid-Atlantic region. Revisions in our contract estimates on one service project resulted in a gross profit write down of $0.4 million on a Southern California region project.

Note 6 – Goodwill and Intangibles

The Company tests its goodwill and indefinite-lived intangible asset allocated to its reporting units for impairment annually on October 1, or more frequently if events or circumstances indicate that it is more likely than not that the fair value of its reporting units and indefinite-lived intangible asset are less than their carrying amount.

For the Company's goodwill, management performed an impairment test as of December 31, 2018 using a weighted average of (1) an income approach and (2) a market approach to determine the fair value of each reporting unit and concluded that its goodwill was not impaired since the estimated fair value of each reporting unit exceeded its respective net book value. In addition, the Company determined the implied control premium (the excess of the aggregated fair values of its reporting units over its market capitalization) was consistent with and within a reasonable range of actual premiums paid in industry-specific merger and acquisition ("M&A") transactions over a sustained period of time. For the Company's indefinite-lived intangible asset, management performed an impairment test as of December 31, 2018 using the relief-from-royalty method.

During the interim periods since the date of the last quantitative impairment test, and prior to the third quarter of 2019, the Company concluded that no triggering events had occurred. In the third quarter of 2019, in connection with the preparation of its quarterly financial statements, the Company assessed the changes in circumstances that occurred during the quarter to determine whether it was more likely than not that the fair values of both of its reporting units were below their carrying amounts and whether the fair value of its indefinite-lived intangible asset was below its carrying amount. While there was no single determinative event or factor, potential triggering events identified in the accounting guidance (ASC 350, *Intangibles – Goodwill and Other*) developed during the third quarter of 2019 which led the Company to conclude that a quantitative impairment test was necessary. The triggering factors included:

- The Company's planned reduction and elimination of certain large-scale construction projects resulting in a change in management's long-term outlook for the construction segment during the third quarter of 2019;

- The Company experienced significant negative operating cash flows during the nine months ended September 30, 2019, which the Company believes is attributable to delays experienced in resolving certain claims, unapproved change orders and project write-downs experienced in the Southern California region, resulting in management's reevaluation of the long-term plans of the Company, specifically relating to reducing and eliminating certain large-scale construction projects as noted above.;

- The Company failed its Total Leverage Ratio covenant under the 2019 Refinancing Agreement and the 2019 ABL Credit Agreement as of August 31, 2019; and

- The Company's stock price declined significantly during the third quarter.

As the Company determined that the fair value of its construction reporting unit was below its carrying amount, the Company performed an interim impairment test as of September 30, 2019 (the "Interim Test") and, as described below, recognized a non-cash impairment charge for its construction reporting unit of $4.4 million. In addition, the Interim Test indicated that the fair value of the service reporting unit exceeded its carrying value by 101% and the fair value of the indefinite-lived intangible asset exceeded its carrying value by 58%.

The impairment of the construction reporting unit's goodwill was primarily driven by the valuation effects of management decreasing its forecasted cash flows within the construction reporting unit as a result of the following:

- The Company's planned reduction and elimination of certain large-scale construction projects that typically require a large amount of working capital, an increased risk of claims and low historical margins;

- Management's strategic focus to only allow certain regions to bid on large-scale construction projects based on past performance and the labor capacity available within that region; and

- Management's continued focus on expanding its service reporting unit which includes special projects and other work performed directly for facility owners, much of which is smaller in contract value than work performed in our construction reporting unit; and recurring revenue from contractual maintenance agreements and the associated time and material and emergency or "spot work" project opportunities.

As a result, when performing the Interim Test, the Company decreased its discounted cash flows related to the construction reporting unit as compared to the December 31, 2018 test.

Consistent with the previous December 31, 2018 test, the Company utilized a weighted average of (1) an income approach and (2) a market approach to determine the fair value of the Company and each of its reporting units for the Interim Test. The income approach is based on estimated present value of future cash flows for each reporting unit. The market approach is based on assumptions about how market data relates to each reporting unit. The weighting of these two approaches is based on their individual correlation to the economics of each reporting unit and is impacted by factors such as the availability of comparable market data for each reporting unit.

Assessing impairment inherently involves management judgments as to the assumptions used to calculate fair value of the reporting units and the impact of market conditions on those assumptions. The key inputs that the Company uses in its assumptions to estimate the fair value of its reporting units under the income-based approach are as follows:

- Weighted average cost of capital ("WACC"), the risk-adjusted rate used to discount the projected cash flows;

- Cash flows generated from existing work and new awards; and

- Projected operating margins.

Expected future after-tax operating cash flows of each reporting unit are discounted to a present value using a risk-adjusted discount rate. Estimates of future cash flows require management to make significant assumptions concerning future operating performance including cash flows generated from existing work and new awards, projected operating margins, variations in the amount and timing of cash flows and the probability of achieving the estimated cash flows, as well as future economic conditions, which may differ from actual future cash flows. The discount rate, which is intended to reflect the risks inherent in future cash flow projections, used in estimating the present value of future cash flows, is based on estimates of the WACC of market participants relative to the reporting units. Financial and credit market volatility can directly impact certain inputs and assumptions used to develop the WACC.

To develop the cash flows generated from new awards and future operating margins, the Company tracks known prospects of significance for each of its reporting units and considers the estimated timing of when the work is expected to be bid, started and completed. The Company also gives consideration to its relationships with the prospective owners; the pool of competitors that are capable of performing large, complex work; business strategy; and the Company's history of success in winning new work in each reporting unit. With regard to operating margins, the Company gives consideration to its historical reporting unit operating margins in the end markets that the prospective work opportunities are most significant, expected margins from existing work, current market trends in recent new work procurement, and business strategy.

The Company also estimated the fair value of its reporting units under a market-based approach by applying industry-comparable multiples of revenues and operating earnings to its reporting units' revenues and operating earnings. The conditions and prospects of companies in the engineering and construction industry depend on common factors such as overall demand for services.

The Company believes that the discount rates, timing of cash flows and other inputs and assumptions used in the Interim Test are consistent with those that a market participant would use based on the events described above which occurred during the third quarter of 2019 and are reflective of the current market assessment of the fair value of its reporting units. As an additional step to corroborate the Interim Test results, the Company compared its implied control premium with those of recent comparable market transactions and concluded that the implied control premium was within the range of control premiums observed in prior industry-specific M&A transactions. Similar to previous valuations, small changes to valuation assumptions could have a significant impact on the concluded value.

As noted above, Management also completed an Interim Test of its indefinite-lived intangible asset during the third quarter of 2019 using the relief-from-royalty method. Assumptions used under this approach are based on a combination of historical results, current forecasts, market data and recent economic events.

The Company will continue to monitor events occurring or circumstances changing which may suggest that the remaining goodwill and indefinite-lived intangible asset should be reevaluated.

Changes in the carrying amount of goodwill, by segment, consist of the following:

(in thousands)	Construction	Service	Total
Balance at December 31, 2018	$ 4,359	$ 6,129	$ 10,488
Third quarter impairment	(4,359)	-	(4,359)
Balance at September 30, 2019	$ -	$ 6,129	$ 6,129

Definite-lived and indefinite-lived intangible assets consist of the following:

(in thousands)	Gross carrying amount	Accumulated amortization	Net intangible assets
September 30, 2019			
Amortized intangible assets:			
Backlog – Construction	$ 4,830	$ (4,830)	$ -
Customer Relationships – Service	4,710	(2,529)	2,181
Favorable Leasehold Interests	530	(217)	313
Total amortized intangible assets	10,070	(7,576)	2,494
Unamortized intangible assets:			
Trade Name	9,960	-	9,960
Total unamortized intangible assets	9,960	-	9,960
Total amortized and unamortized assets	$ 20,030	$ (7,576)	$ 12,454

(in thousands)	Gross carrying amount	Accumulated amortization	Net intangible assets
December 31, 2018			
Amortized intangible assets:			
Backlog – Construction	$ 4,830	$ (4,830)	$ -
Customer Relationships – Service	4,710	(2,081)	2,629
Favorable Leasehold Interests	530	(166)	364
Total amortized intangible assets	10,070	(7,077)	2,993
Unamortized intangible assets:			
Trade Name	9,960	-	9,960
Total unamortized intangible assets	9,960	-	9,960
Total amortized and unamortized assets	$ 20,030	$ (7,077)	$ 12,953

The definite-lived intangible assets are amortized over the period the Company expects to receive the related economic benefit, which for customer relationships is based upon estimated future net cash inflows. The Company has previously determined that its trade name has an indefinite useful life. The Limbach trade name has been in existence since the Company's founding in 1901 and is an established brand within the construction industry.

Total amortization expense for these amortizable intangible assets was $0.1 million for the three months ended September 30, 2019 and $0.3 million for the three months ended September 30, 2018. Total amortization expense for these amortizable intangible assets was $0.5 million for the nine months ended September 30, 2019 and $1.0 million for the nine months ended September 30, 2018.

Note 7 – Debt

Long-term debt consists of the following obligations as of:

(in thousands)	September 30, 2019	December 31, 2018
Credit Agreement – revolver[(1)]	$ -	$ -
Bridge Term Loan – term loan payable in quarterly installments of principal, plus interest through April 2019[(1)]	-	7,736
Credit Agreement – term loan payable in quarterly installments of principal, plus interest through March 2020[(1)]	-	14,335
2019 Revolving Credit Facility	-	-
2019 Refinancing Term Loan – term loan payable in quarterly installments of principal, (commencing in September 2020) plus interest through April 2022	40,000	-
2019 Refinancing Term Loan embedded derivative	388	-
Capital leases – collateralized by vehicles, payable in monthly installments of principal, plus interest ranging from 4.95% to 6.1% through 2023	6,028	5,145
Total debt	46,416	27,216
Less - Current portion of long-term debt	(3,548)	(3,141)
Less - Unamortized discount and debt issuance costs	(3,285)	(461)
Long-term debt	$ 39,583	$ 23,614

(1) On April 12, 2019, the Company entered into the Refinancing Agreements (as defined below) and used the net proceeds to repay its existing indebtedness under the Credit Agreement (as defined below).

Credit Agreement

Effective July 20, 2016, LFS, a subsidiary of the Company, entered into the Credit Agreement (as amended, the "Credit Agreement"). The Credit Agreement consisted of a $25.0 million revolving line of credit (the "Credit Agreement Revolver") and a $24.0 million term loan (the "Credit Agreement Term Loan"), both with a maturity date of July 20, 2021. The Credit Agreement was collateralized by substantially all of the assets of LFS and its subsidiaries. Principal payments of $750,000 on the term loan were due quarterly through June 30, 2018. Principal payments of $900,000 were due at the end of subsequent quarters through maturity of the loan, with any remaining amounts due at maturity. Outstanding borrowings on both the term loan and the revolving line of credit bore interest at either the Base Rate (as defined in the Credit Agreement) or LIBOR (as defined in the Credit Agreement), plus the applicable additional margin, payable monthly.

Mandatory prepayments were required upon the occurrence of certain events, including, among other things and subject to certain exceptions, equity issuances, changes of control of the Company, certain debt issuances, assets sales and excess cash flow. The Company could voluntarily prepay the loans at any time subject to the limitations set forth in the Credit Agreement.

The Credit Agreement included restrictions on, among other things and subject to certain exceptions, the Company and its subsidiaries' ability to incur additional indebtedness, pay dividends or make other distributions, redeem or purchase capital stock, make investments and loans and enter into certain transactions, including selling assets, engaging in mergers or acquisitions and entering into transactions with affiliates.

On January 12, 2018, LFS and LHLLC entered into the Second Amendment and Limited Waiver to the Credit Agreement (the "Second Amendment and Limited Waiver") with the lenders party thereto and Fifth Third Bank, as administrative agent. The Second Amendment and Limited Waiver provided for a new term loan under the Credit Agreement in the aggregate principal amount of $10.0 million (the "Bridge Term Loan"), the proceeds of which were used to repurchase the Company's remaining 280,000 shares of Class A Preferred Stock for an aggregate purchase price of $9.1 million plus accrued but unpaid dividends of $0.9 million.

Loans under the Credit Agreement bore interest, at the Borrower's option, at either Adjusted LIBOR ("Eurodollar") or a Base Rate, in each case, plus an applicable margin. With respect to the Bridge Term Loan, from January 12, 2018 to, but excluding, July 12, 2018 (the six-month anniversary of the loan), the applicable margin with respect to any Base Rate loans was 4.00% per annum and with respect to any Eurodollar loan was 5.00% per annum. From July 12, 2018 to, but excluding, the 12-month anniversary thereof, the applicable margin with respect to any Base Rate loan was 4.50% per annum and with respect to any Eurodollar loan was 5.50% per annum. From the 12-month anniversary of January 12, 2018 and all times thereafter, the applicable margin with respect to any Base Rate loan was 5.00% per annum and with respect to a Eurodollar loan was 6.00% per annum.

The borrower was required to make principal payments on the Bridge Term Loan in the amount of $250,000 on the last business day of March, June, September and December of each year, commencing on March 31, 2018. The Bridge Term Loan was to mature on April 12, 2019; however, the balance was refinanced under the 2019 Refinancing Agreements (as defined below) prior to maturity. The Bridge Term Loan was guaranteed by the same Guarantors and secured (on a pari passu basis) by the same Collateral as the loans under the Credit Agreement.

On March 21, 2018, the Company, LFS and LHLLC entered into the Third Amendment to Credit Agreement (the “Third Amendment”) with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer. The Third Amendment provided for an increase in the amount that could be drawn against the Credit Agreement Revolver for the issuances of letters of credit from $5.0 million to $8.0 million, modified the definition of EBITDA to include certain one-time costs and non-cash charges and joined the Company as a guarantor under the Credit Agreement and related loan documents.

On May 15, 2018, the Company, LFS and LHLLC entered into the Fourth Amendment to Credit Agreement and Limited Waiver (the “Fourth Amendment and Limited Waiver”) with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer. The Fourth Amendment and Limited Waiver amended the existing covenants of the Credit Agreement to include additional information covenants, such as work in process reports and monthly cash flow schedules. In addition, the Fourth Amendment and Limited Waiver required a fixed charge coverage ratio of not less than 1.15 for the fiscal quarter ended June 30, 2018.

On August 13, 2018, the Company, LFS and LHLLC entered into the Fifth Amendment to Credit Agreement and Limited Waiver (the “Fifth Amendment and Limited Waiver”) with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer. The Fifth Amendment and Limited Waiver amended the existing covenants of the Credit Agreement and required the Company to engage a consultant for the purposes of making recommendations as to methods of the Company’s corporate and Mid-Atlantic’s operations and controls. In addition, the Fifth Amendment and Limited Waiver required a fixed charge coverage ratio of not less than 1.15 for the fiscal quarter ended March 30, 2019 and not less than 1.25 at all times thereafter.

During the third quarter of 2018, the Company was not in compliance with the then-existing debt covenants. As a result of these violations, the lenders requested that the Company seek alternative financing. On November 30, 2018, the Company, LFS and LHLLC entered into a Sixth Amendment to Credit Agreement and Limited Waiver (the “Sixth Amendment and Limited Waiver”) with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer, pursuant to which the administrative agent and certain lenders thereto agreed to a waiver of the Company’s non-compliance with the senior leverage and fixed charge coverage ratio requirements under the Credit Agreement. In addition, the Sixth Amendment and Limited Waiver amended the Credit Agreement to, among other things, (i) reduce the Lenders’ $25.0 million commitment under the Company’s Credit Agreement Revolver to $22.5 million on December 31, 2018 and $20.0 million on January 31, 2019, (ii) accelerate the maturity date for the Credit Agreement revolver and the Credit Agreement Term Loan facility from July 20, 2021 to March 31, 2020, and (iii) require that certain actions be taken in connection with the refinancing of the Company’s obligations under the Credit Agreement by certain scheduled dates.

The Credit Agreement, as amended, required the Company to comply with certain financial performance covenants including the following: (1) a minimum EBITDA of $6.5 million for the fourth quarter of 2018, (2) a fixed charge coverage ratio not less than 1.10 for each fiscal quarter ending on or after March 31, 2019 (which was decreased from 1.15 for the fiscal quarters ending on June 30, 2018 through December 31, 2018) and (3) unfinanced capital expenditures not to exceed $1.0 million for each fiscal quarter ending March 31, 2019, June 30, 2019, and September 30, 2019; no unfinanced capital expenditures for the fiscal quarter ending December 31, 2019 and total unfinanced capital expenditures not to exceed $3.0 million for the fiscal year ended December 31, 2019; and no unfinanced capital expenditures where the Company fails to achieve the required fixed charge coverage ratio for such date.

The equity interests of the Company’s subsidiaries were pledged as security for the obligations under the Credit Agreement. The Credit Agreement included customary events of default, including, among other items, payment defaults, cross-defaults to other indebtedness, a change of control default and events of default with respect to certain material agreements. Additionally, with respect to the Company, an event of default was deemed to have occurred if the Company’s securities ceased to be registered with the SEC pursuant to Section 12(b) of the Exchange Act. In case of an event of default, the administrative agent was entitled to, among other things, accelerated payment of amounts due under the Credit Agreement, foreclose on the equity of the Company’s subsidiaries, and exercise all rights of a secured creditor on behalf of the lenders.

As of December 31, 2018, the Company was in compliance with the financial and other covenants related to the Credit Agreement. At December 31, 2018, the Company had irrevocable letters of credit in the amount of $3.4 million with its lender to secure obligations under its self-insurance program.

The additional margin applied to both the Credit Agreement revolver and Credit Agreement term loan is determined based on levels achieved under the Company's senior leverage ratio covenant, which reflects the ratio of indebtedness divided by EBITDA for the most recently ended four quarters.

The following is a summary of the additional margin and commitment fees payable on the prior revolving credit commitment:

Level	Senior Leverage Ratio	Additional Margin for Base Rate loans	Additional Margin for Libor Rate loans	Commitment Fee
I	Greater than or equal to 2.50 to 1.00	3.00%	4.00%	0.50%
II	Less than 2.50 to 1.00, but greater than or equal to 2.00 to 1.00	2.75%	3.75%	0.50%
III	Less than 2.00 to 1.00, but greater than or equal to 1.50 to 1.00	2.50%	3.50%	0.50%
IV	Less than 1.50 to 1.00	2.25%	3.25%	0.50%

The Company refinanced its Credit Agreement Revolver on April 12, 2019 under the 2019 Refinancing Agreement, described below and therefore had no amounts outstanding under its Credit Agreement at September 30, 2019.

2019 Refinancing Agreement

On April 12, 2019 (the "Refinancing Closing Date"), LFS entered into a financing agreement (the "2019 Refinancing Agreement") with the lenders thereto and Cortland Capital Market Services LLC, as collateral agent and administrative agent and CB Agent Services LLC, as origination agent ("CB"). The 2019 Refinancing Agreement consists of (i) a $40.0 million term loan (the "2019 Refinancing Term Loan") and (ii) a new $25.0 million multi-draw delayed draw term loan (the "2019 Delayed Draw Term Loan" and, collectively with the 2019 Refinancing Term Loan, the "2019 Term Loans"). Proceeds from the 2019 Refinancing Term Loan were used to repay the then existing Credit Agreement, to pay related fees and expenses thereof and to fund working capital of the Borrowers (defined below). Management intends for proceeds of the 2019 Delayed Draw Term Loan will be used to fund permitted acquisitions under the 2019 Refinancing Agreement and related fees and expenses in connection therewith.

LFS, a wholly-owned subsidiary of the Company, and each of its subsidiaries are borrowers (the "Borrowers") under the 2019 Refinancing Agreement. In addition, the 2019 Refinancing Agreement is guaranteed by the Company and LHLLC (each, a "Guarantor", and together with the Borrowers, the "Loan Parties").

The 2019 Refinancing Agreement is secured by a first-priority lien on the real property of the Loan Parties and a second-priority lien on substantially all other assets of the Loan Parties, behind the 2019 ABL Credit Agreement (as defined below). The respective lien priorities of the 2019 Refinancing Agreement and the 2019 ABL Credit Agreement are governed by an intercreditor agreement.

2019 Refinancing Agreement - Interest Rates and Fees

The interest rate on borrowings under the 2019 Refinancing Agreement is, at the Borrowers' option, either LIBOR (with a 2.00% floor) plus 8.00% or a base rate (with a 3.00% minimum) plus 7.00%. At September 30, 2019, the interest rate in effect on the 2019 Refinancing Term Loan was 10.18%.

2019 Refinancing Agreement - Other Terms and Conditions

The 2019 Refinancing Agreement matures on April 12, 2022, subject to adjustment as described therein. Required amortization is $1.0 million per quarter commencing with the fiscal quarter ending September 30, 2020. There is an unused line fee of 2.0% per annum on the undrawn portion of the 2019 Delayed Draw Term Loan, and there is a make-whole premium on prepayments made prior to the 19-month anniversary of the Refinancing Closing Date. This make-whole provision guarantees that the Company will pay no less than 18 months' applicable interest to the lenders under the 2019 Refinancing Agreement.

The 2019 Refinancing Agreement contains representations and warranties, and covenants which are customary for debt facilities of this type. Unless the Required Lenders (as defined in the 2019 Refinancing Agreement) otherwise consent in writing, the covenants limit the ability of the Company and its restricted subsidiaries to, among other things, (i) incur additional indebtedness or issue preferred stock, (ii) pay dividends or make distributions to the Company's stockholders, (iii) purchase or redeem the Company's equity interests, (iv) make investments, (v) create liens on their assets, (vi) enter into transactions with the Company's affiliates, (vii) sell assets and (viii) merge or consolidate with, or dispose of substantially all of the Company's assets to, other companies.

In addition, the 2019 Refinancing Agreement includes customary events of default and other provisions that could require all amounts due thereunder to become immediately due and payable, either automatically or at the option of the lenders, if the Company fails to comply with the terms of the 2019 Refinancing Agreement or if other customary events occur.

Furthermore, the 2019 Refinancing Agreement also contains two financial maintenance covenants for the 2019 Refinancing Term Loan, including a requirement to have sufficient collateral coverage of the aggregate outstanding principal amount of the 2019 Refinancing Term Loans and as of the last day of each month for the total leverage ratio of the Company and its Subsidiaries (the "Total Leverage Ratio ") not to exceed an amount beginning at 4.25 to 1.00 through June 30, 2019, and stepping down to 2.00 to 1.00 effective July 1, 2021. From July 1, 2019 through September 30, 2019, the Total Leverage Ratio may not exceed 4.00 to 1.00. As of August 31, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 4.61 to 1.00, which did not meet the 4.00 to 1.00 requirement. As of September 30, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 2.85 to 1.00, which was in compliance with the 4.00 to 1.00 requirement. The lender has waived the event of default arising from this noncompliance as of August 31, 2019, while reserving its rights with respect to covenant compliance in future months. In addition, the parties to the 2019 Refinancing Agreement entered into an amendment which, among other changes, revises the maximum permitted Total Leverage Ratio, starting at 3.30 to 1.00 on October 1, 2019 with a peak ratio of 4.25 during March 2020 along with varying monthly rates culminating in the lowest Total Leverage Ratio of 2.00 to 1.00 on April 1, 2021 through the term of such agreement. The 2019 Refinancing Agreement contains a post-closing covenant requiring the remediation of the Company's material weakness, as described in Item 9A of its 2018 Annual Report on Form 10-K, no later than December 31, 2020 and to provide updates as to the progress of such remediation, provided that, if such remediation has not been completed on or prior to December 31, 2019, (x) the Company shall be required to pay the post-closing fee pursuant to the terms of the Origination Agent Fee Letter (as defined in the 2019 Refinancing Agreement) and (y) the applicable margin shall be increased by 1.00 % per annum for the period from January 1, 2020 until the date at which the material weakness is no longer disclosed or required to be disclosed in the Company's SEC filings or audited financial statements of the Company or related auditor's reports.

2019 Refinancing Agreement – CB Warrants

In connection with the 2019 Refinancing Agreement, on the Refinancing Closing Date, the Company issued to CB and the other lenders under the 2019 Refinancing Agreement warrants (the "CB Warrants") to purchase up to a maximum of 263,314 shares of the Company's common stock at an exercise price of $7.63 per share subject to certain adjustments, including for stock dividends, stock splits or reclassifications. The actual number of shares of common stock into which the CB Warrants will be exercisable at any given time will be equal to: (i) the product of (x) the number of shares equal to 2% of the Company's issued and outstanding shares of common stock on the Refinancing Closing Date on a fully diluted basis and (y) the percentage of the total 2019 Delayed Draw Term Loan made as of the exercise date, minus (ii) the number of shares previously issued under the CB Warrants. As of the Refinancing Closing Date and September 30, 2019, no amounts had been drawn on the 2019 Delayed Draw Term Loan, so no portion of the CB Warrants were exercisable. The CB Warrants may be exercised for cash or on a "cashless basis," subject to certain adjustments, at any time after the Refinancing Closing Date until the expiration of such warrant at 5:00 p.m., New York time, on the earlier of (i) the five (5) year anniversary of the Refinancing Closing Date, or (ii) the liquidation of the Company.

Accounting for the 2019 Term Loans and CB Warrants

The CB Warrants represent a freestanding financial instrument that is classified as a liability because the CB Warrants meet the definition of a derivative instrument that does not meet the equity scope exception (i.e., the CB Warrants are not indexed to the entity's own equity). In addition, the material weakness penalty described above was evaluated as an embedded derivative liability and bifurcated from the 2019 Term Loans as it represents a non-credit related embedded feature that provides for net settlement. Both the CB Warrants liability and the embedded derivative liability are required to be initially and subsequently measured at fair value. The initial fair values of the CB Warrants liability and the embedded derivative liability approximated $0.9 million and $0.4 million, respectively, on the Refinancing Closing Date. The CB Warrants liability is included in other long-term liabilities. The current portion of the embedded derivative liability of $0.2 million is included in current portion of long-term debt and the long-term portion of $0.2 million is included in long-term debt. The Company estimated these fair values by using the Black-Scholes-Merton option pricing model and a probability-weighted discounted cash flow approach, respectively.

The proceeds for the 2019 Term Loan were first allocated to the CB Warrants liability and embedded derivative liability based on their respective fair values with a corresponding amount of $1.3 million recorded as a debt discount to the 2019 Term Loans. In addition, the Company incurred approximately $2.5 million of debt issuance costs for the 2019 Term Loans that have also been recorded as a debt discount. The combined debt discount from the CB Warrants liability, embedded derivative liability and the debt issuance costs is being amortized into interest expense over the term of the 2019 Term Loans using the effective interest method. The Company recorded interest expense for the amortization of the CB Warrants liability and embedded derivative debt discounts of $0.1 million and $0.2 million for the three and nine months ended September 30, 2019 and recorded an additional $0.2 million and $0.4 million of interest expense for the amortization of the debt issuance costs for the three and nine months ended September 30, 2019.

The Company remeasured the fair value of the CB Warrants liability and embedded derivative liability as of September 30, 2019 and recorded any adjustments as other income (expense). The Company estimated these fair values by using the Black-Scholes-Merton option pricing model and a probability-weighted discounted cash flow approach, respectively. For the three and nine months ended September 30, 2019, the Company recorded other income of $0.5 million and $0.4 million to reflect the change in fair values of the CB Warrants liability and the embedded derivative liability, respectively.

2019 ABL Credit Agreement

On the Refinancing Closing Date, LFS also entered into a financing agreement with the lenders thereto and Citizens Bank, N.A., as collateral agent, administrative agent and origination agent (the "2019 ABL Credit Agreement" and, together with the 2019 Refinancing Agreement, the "Refinancing Agreements"). The 2019 ABL Credit Agreement consists of a $15.0 million revolving credit facility (the "2019 Revolving Credit Facility"). Proceeds of the 2019 Revolving Credit Facility may be used for general corporate purposes. On the Refinancing Closing Date, the Company had nothing drawn on the ABL Credit Agreement and $14.0 million of available borrowing capacity thereunder (net of a $1.0 million reserve imposed by the lender).

The Borrowers and Guarantors under the 2019 ABL Credit Agreement are the same as under the 2019 Refinancing Agreement.

The 2019 ABL Credit Agreement is secured by a second-priority lien on the real property of the Loan Parties (behind the 2019 Refinancing Agreement) and a first-priority lien on substantially all other assets of the Loan Parties.

2019 ABL Credit Agreement - Interest Rates and Fees

The interest rate on borrowings under the 2019 ABL Credit Agreement is, at the Borrowers' option, either LIBOR (with a 2.0% floor) plus an applicable margin ranging from 3.00% to 3.50% or a base rate (with a 3.0% minimum) plus an applicable margin ranging from 2.00% to 2.50%.

2019 ABL Credit Agreement - Other Terms and Conditions

The 2019 ABL Credit Agreement matures on April 12, 2022. There is an unused line fee ranging from 0.250% to 0.375% per annum on undrawn amounts.

The 2019 ABL Credit Agreement contains representations and warranties, and covenants which are customary for debt facilities of this type. Unless the Required Lenders otherwise consent in writing, the covenants limit the ability of the Company and its restricted subsidiaries to, among other things, generally, to (i) incur additional indebtedness or issue preferred stock, (ii) pay dividends or make distributions to the Company's stockholders, (iii) purchase or redeem the Company's equity interests, (iv) make investments, (v) create liens on their assets, (vi) enter into transactions with the Company's affiliates, (vii) sell assets other than in the ordinary course of business or another permitted disposition of assets and (viii) merge or consolidate with, or dispose of substantially all of the Company's assets to, other companies.

The 2019 ABL Credit Agreement includes customary events of default and other provisions that could require all amounts due thereunder to become immediately due and payable, either automatically or at the option of the lenders, if the Company fails to comply with the terms of the 2019 ABL Credit Agreement or if other customary events occur.

The 2019 ABL Credit Agreement also contains a financial maintenance covenant for the 2019 Revolving Credit Facility, which is a requirement for the Total Leverage Ratio of the Company and its Subsidiaries not to exceed an amount beginning at 4.00 to 1.00 through September 30, 2019, and stepping down to 1.75 to 1.00 effective July 1, 2021. As of August 31, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 4.61 to 1.00, which did not meet the 4.00 to 1.00 requirement. As of September 30, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 2.85 to 1.00, which was in compliance with the 4.00 to 1.00 requirement. The lender has waived the event of default arising from this noncompliance as of August 31, 2019, while reserving its rights with respect to covenant compliance in future months. In addition, the parties to the 2019 ABL Credit Agreement entered into an amendment which, among other changes revises the maximum permitted Total Leverage Ratio, starting at 3.30 to 1.00 on October 1, 2019 with a peak ratio of 4.25 during March 2020 along with varying monthly rates culminating in the lowest Total Leverage Ratio of 2.00 to 1.00 on April 1, 2021 through the term of such agreement.

Accounting for the 2019 ABL Credit Agreement

As of September 30, 2019, the Company had nothing drawn on the 2019 ABL Credit Agreement. In addition, the Company incurred approximately $0.9 million of debt issuance costs for the 2019 ABL Credit Agreement that have been recorded as a non-current deferred asset. The deferred asset is being amortized into interest expense over the term of the 2019 Term ABL Credit Agreement using the effective interest method. The Company recorded interest expense of $0.1 million for the amortization the debt issuance costs for the three and nine months ended September 30, 2019.

Note 8 – Equity

The Company's second amended and restated certificate of incorporation currently authorizes the issuance of 100,000,000 shares of common stock, par value $0.0001, and 1,000,000 shares of preferred stock, par value $0.0001.

At September 30, 2019 and December 31, 2018, the Company had outstanding warrants exercisable for 4,576,799 shares of common stock, consisting of: (i) 4,600,000 warrants issued as part of units in its initial public offering, each of which is exercisable for one-half of one share of common stock at an exercise price of $11.50 per whole share ("Public Warrants"); (ii) 198,000 warrants, each exercisable for one-half of one share of common stock at an exercise price of $5.75 per half share ($11.50 per whole share) ("Sponsor Warrants"); (iii) 600,000 warrants, each exercisable for one share of common stock at an exercise price of $15.00 per share ("$15 Exercise Price Warrants"); (iv) 631,119 warrants, each exercisable for one share of common stock at an exercise price of $12.50 per share ("Merger Warrants"); and (v) 946,680 warrants, each exercisable for one share of common stock at an exercise price of $11.50 per share ("Additional Merger Warrants").

The Public Warrants, Sponsor Warrants and $15 Exercise Price Warrants were issued under a warrant agreement dated July 15, 2014, between Continental Stock Transfer & Trust Company, as warrant agent, and the Company. The Merger Warrants and Additional Merger Warrants were issued to the sellers of LHLLC. On January 8, 2018, the Company issued 10,627 shares of common stock in connection with the cashless exercise of 49,604 Additional Merger Warrants and 33,069 Merger Warrants.

On July 21, 2014, a total of 300,000 Unit Purchase Options ("UPOs") were issued by 1347 Capital to a representative of the underwriter and its designees. In December 2016, the Company issued 121,173 shares of common stock in connection with the cashless exercise of 282,900 of these UPOs. The 17,100 UPOs that were outstanding at December 31, 2018 expired on July 21, 2019. Each UPO consisted of one share of common stock, one right to purchase one-tenth of one share of common stock and one warrant to purchase one-half of one share of common stock at an exercise price of $11.50 per full share.

In August 2017, the Compensation Committee of the Board of Directors of the Company commenced the granting of restricted stock units ("RSUs") under the Limbach Holdings, Inc. Omnibus Incentive Plan to certain executive officers, non-executive employees and non-employee directors of the Company in the forms of an inaugural RSU award to executives (the "Inaugural RSU Award"), an annual long-term incentive RSU award (the "LTI RSU Award"), and an RSU award to non-employee directors ("Director RSU Award"). On May 30, 2019, the Company's stockholders approved the Limbach Holdings, Inc. Amended and Restated Omnibus Incentive Plan (the "2019 Incentive Plan") which effectively increased the amount of shares of the Company's common stock for issuance under the original 2016 Plan of 800,000 shares to 1,150,000 shares under the 2019 Incentive Plan. The Company granted additional RSU awards during the first nine months of 2019. See Note 17 – Management Incentive Plans.

Note 9 – Cumulative Redeemable Convertible Preferred Stock

In connection with the Business Combination, the Company issued 400,000 shares of Class A preferred stock (the "Preferred Stock") on July 20, 2016. Each share of Preferred Stock was convertible (at the holder's election) into two shares of the Company's common stock (as may be adjusted for any stock splits, reverse stock splits or similar transactions), representing a conversion price of $12.50 per share; provided, that such conversion was in compliance with Nasdaq's listing requirements. The Preferred Stock ranked senior to all classes and series of outstanding capital stock. The Company agreed to not issue any other shares of capital stock that ranked senior or pari passu to the Preferred Stock while the Preferred Stock was outstanding, unless at least 30% of the proceeds from such issuance were used to redeem Preferred Stock. The holders of the Preferred Stock were, in priority to any other class or series of capital stock, entitled to receive, as and when declared by the board of directors fixed, cumulative, preferential dividends at a rate of: (i) 8% per annum in years one through three from issuance; (ii) 10% per annum in years four through five from issuance; and (iii) 12% per annum thereafter, payable in equal quarterly installments. Dividends on outstanding Preferred Stock accrued day to day from the date of issuance of the Preferred Stock. No dividends in excess of the accrued and unpaid preferred yield in respect of the Preferred Stock were permitted.

On July 14, 2017, the Company entered into the Preferred Stock Repurchase Agreement with 1347 Investors pursuant to which (a) the Company repurchased from 1347 Investors a total of 120,000 shares of the Preferred Stock for an aggregate sum of $4.1 million in cash, (b) for a period of six months after such repurchase, the Company had the right to repurchase from 1347 Investors, in one or more transactions, all or a portion of the remaining 280,000 shares of Preferred Stock owned by 1347 Investors for a purchase price equal to 130% of the liquidation value per share plus 130% of any and all accrued but unpaid dividends thereon as of the date of closing of the purchase of such shares and (c) 1347 Investors would not, with respect to the 509,500 shares of common stock held in escrow pursuant to its lock-up arrangement that expired on July 20, 2017, sell or otherwise transfer such shares of common stock during the period from such expiration through October 20, 2017. This repurchase was funded through permitted borrowings under the Company's Credit Agreement revolving credit facility. The Company retired the repurchased shares.

As discussed in Note 7 – Debt, on January 12, 2018, the Company exercised its repurchase right with respect to the remaining 280,000 shares of Preferred Stock using the proceeds from the Bridge Term Loan for an aggregate purchase price of $10.0 million, including a $2.2 million premium and accrued but unpaid dividends of $0.9 million, pursuant to the Preferred Stock Repurchase Agreement. The Company also retired these repurchased shares.

Note 10 – Fair Value Measurements

The Company measures the fair value of financial assets and liabilities in accordance with ASC Topic 820 – Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date;

- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities; and

- Level 3 — unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company believes that the carrying amounts of its financial instruments, including cash and cash equivalents, trade accounts receivable and accounts payable consist primarily of instruments without extended maturities, which approximate fair value primarily due to their short-term maturities and low risk of counterparty default. We also believe that the face value of the 2019 Refinancing Term Loan approximates its fair value due to the variable rate on such debt. As of September 30, 2019, the Company determined the fair value of its 2019 Refinancing Term Loan at $40.0 million. The fair value was determined using discounted estimated future cash flows using level 3 inputs.

To determine the fair value of the warrants issued in connection with the Business Combination, the Company utilized the Black-Scholes-Merton option pricing model.

The fair value of the Company's warrant liabilities recorded in the Company's financial statements (refer to Note 7) is determined using the Black-Scholes-Merton option pricing model and the quoted price of the Company's common stock in an active market, volatility and expected life, is a Level 3 measurement. Volatility is based on the actual market activity of the Company's stock. The expected life is based on the remaining contractual term of the warrants and the risk-free interest rate is based on the implied yield available on U.S. Treasury Securities with a maturity equivalent to the warrants' expected life.

The table below sets forth the assumptions used within the Black-Scholes-Merton option pricing model to value the Company's warrant liabilities during the three and nine months ended September 30, 2019:

Stock price	$4.93 - $8.13
Exercise price	$7.63
Time until expiration (years)	4.5 - 5.0
Expected volatility	54% - 65%
Risk-free interest rate	1.5% - 2.4%
Expected dividend yield	0.0%

The fair value of the Company's embedded derivative liability recorded in the Company's financial statements is determined using a probability-weighted discounted cash flow approach utilizing inputs including the imposed 2019 Refinancing Agreement Lender material weakness fee of 1.00% of the Total Term Loan Commitment as in effect on the Effective Date as well as the applicable margin increase of 1.00 % per annum as outlined in Note 7.

Level 3 rollforward table:

(in thousands)	CB Warrants Liability	Embedded Derivative Liability
Fair value, December 31, 2018	$ -	$ -
Issuances	-	-
Transfers	-	-
Change in fair value	-	-
Fair value, March 31, 2019	-	-
Issuances	969	388
Transfers	-	-
Change in fair value	103	-
Fair value, June 30, 2019	$ 1,072	$ 388
Issuances	-	-
Transfers	-	-
Change in fair value	(525)	-
Fair value, September 30, 2019	$ 547	$ 388

Note 11 – Earnings per Share

Diluted EPS assumes the dilutive effect of outstanding common stock warrants, UPOs and RSUs, all using the treasury stock method, and the dilutive effect of the Class A Preferred Stock, using the "if-converted" method.

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per share amounts)	2019	2018	2019	2018
EPS numerator:				
Net loss	$ (3,412)	$ (3,505)	$ (2,770)	$ (5,219)
Less: Premium paid on partial preferred redemption	-	-	-	2,219
Less: Undistributed preferred stock dividends	-	-	-	(113)
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (3,412)	$ (3,505)	$ (2,770)	$ (7,325)
EPS denominator:				
Weighted average shares outstanding – basic	7,674	7,575	7,653	7,553
Impact of dilutive securities	-	-	-	-
Weighted average shares outstanding – diluted	7,674	7,575	7,653	7,553
Basic EPS attributable to common stockholders:				
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (0.44)	$ (0.46)	$ (0.36)	$ (0.97)
Diluted EPS attributable to common stockholders:				
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (0.44)	$ (0.46)	$ (0.36)	$ (0.97)

The following table summarizes the securities that were antidilutive (including warrants, UPOs, RSUs and Preferred Stock after giving effect to their respective conversion to shares of common stock for those units in-the-money, or share equivalents for those units out-of-the-money) and therefore, were not included in the computations of diluted income (loss) per common share:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
In-the-money warrants (See Note 8)	-	-	-	110,945
Out-of-the-money warrants (See Note 8)	4,576,799	4,576,799	4,576,799	1,231,119
Preferred Stock (See Note 9)	-	-	-	22,564
Restricted stock units (RSUs) (See Note 17)[1]	114,837	60,914	83,409	56,331
In-the-money UPOs (See Note 8)[2]	-	1,118	-	3,279
Out-of-the-money UPOs (See Note 8)[2]	3,903	8,550	12,590	-
Total	4,695,539	4,647,381	4,672,798	1,424,238

[1] For the three and nine months ended September 30, 2019 and 2018, all PRSUs and MRSUs (both as defined below) were not included in the computation of diluted loss per share because the performance and market conditions were not satisfied during the periods and would not be satisfied if the reporting date was at the end of the contingency periods.
[2] These UPO's expired on July 21, 2019.

Note 12 – Income Taxes

The Company is taxed as a C corporation.

For interim periods, the provision for income taxes (including federal, state, local and foreign taxes) is calculated based on the estimated annual effective tax rate, adjusted for certain discrete items for the full fiscal year. Cumulative adjustments to the Company's estimate are recorded in the interim period in which a change in the estimated annual effective rate is determined. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment.

The effective tax benefit rate for the three and nine months ended September 30, 2019 was 24.2% and 22.3%, respectively, as compared to an effective tax benefit rate of 5.0% and 15.2% for the three and nine months ended September 30, 2018. The Company's effective tax rates differ from the federal statutory rate of 21% primarily due to state taxes, nondeductible expenses and tax credits.

No valuation allowance was required as of September 30, 2019 or December 31, 2018.

The Company performed an analysis of its tax positions and determined that no material uncertain tax positions exist. Accordingly, there was no liability for uncertain tax positions as of September 30, 2019 or December 31, 2018. Based on the provisions of ASC Topic 740 - Income Taxes, the Company had no material unrecognized tax benefits as of September 30, 2019 or December 31, 2018.

Note 13 – Operating Segments

The Company determined its operating segments on the same basis that it assesses performance and makes operating decisions. The Company manages and measures the performance of its business in two distinct operating segments: Construction and Service. These segments are reflective of how the Company's Chief Operating Decision Maker ("CODM") reviews operating results for the purposes of allocating resources and assessing performance. The Company's CODM is comprised of its Chief Executive Officer, Chief Financial Officer and Chief Operating Officers.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The CODM evaluates performance based on income from operations of the respective segments after the allocation of Corporate office operating expenses. In accordance with ASC Topic 280 – Segment Reporting, the Company has elected to aggregate all of the construction branches into one Construction reportable segment and all of the service branches into one Service reportable segment. All transactions between segments are eliminated in consolidation. Our Corporate departments provide general and administrative support services to our two operating segments. The CODM allocates costs between segments for selling, general and administrative expenses and depreciation expense.

All of the Company's identifiable assets are located in the United States, which is where the Company is domiciled. The Company does not have sales outside the United States. The Company does not identify capital expenditures and total assets by segment in its internal financial reports due in part to the shared use of a centralized fleet of vehicles and specialized equipment. Interest expense is not allocated to segments because of the corporate management of debt service including interest.

Condensed consolidated segment information for the periods presented is as follows:

	Three months ended September 30,	
(in thousands)	**2019**	**2018**
Statement of Operations Data:		
Revenue:		
Construction	$ 118,076	$ 109,389
Service	29,692	25,673
Total revenue	147,768	135,062
Gross profit:		
Construction	10,602	4,967
Service	7,189	5,723
Total gross profit	17,791	10,690
Selling, general and administrative expenses:		
Construction	8,439	7,770
Service	4,622	3,680
Corporate	3,507	1,875
Total selling, general and administrative expenses	16,568	13,325
Amortization of intangibles	149	304
Operating income (loss)	$ 1,074	$ (2,939)
Operating income (loss) for reportable segments	$ 1,074	$ (2,939)
Other expenses:		
Impairment of goodwill (Construction)	(4,359)	-
Less unallocated amounts:		
Interest expense, net	(1,759)	(787)
Gain on disposition of property and equipment	17	36
Gain on change in fair value of warrant liability	525	-
Total unallocated amounts	(1,217)	(751)
Loss before income taxes	$ (4,502)	$ (3,690)
Other Data:		
Depreciation and amortization:		
Construction	$ 783	$ 710
Service	207	185
Corporate	371	523
Total other data	$ 1,361	$ 1,418

(in thousands)	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Statement of Operations Data:		
Revenue:		
Construction	$ 327,675	$ 319,934
Service	86,797	75,208
Total revenue	414,472	395,142
Gross profit:		
Construction	34,337	23,738
Service	20,888	16,037
Total gross profit	55,225	39,775
Selling, general and administrative expenses:		
Construction	24,280	22,780
Service	13,393	11,516
Corporate	12,018	8,380
Total selling, general and administrative expenses	49,691	42,676
Amortization of intangibles	499	975
Operating income (loss)	$ 5,035	$ (3,876)
Operating income (loss) for reportable segments	$ 5,035	$ (3,876)
Other expenses:		
Impairment of goodwill (Construction)	(4,359)	-
Less unallocated amounts:		
Interest expense, net	(4,190)	(2,355)
Gain on disposition of property and equipment	38	76
Loss on debt extinguishment	(513)	-
Gain on change in fair value of warrant liability	422	-
Total unallocated amounts	(4,243)	(2,279)
Loss before income taxes	$ (3,567)	$ (6,155)
Other Data:		
Depreciation and amortization:		
Construction	$ 2,373	$ 2,080
Service	636	557
Corporate	1,225	1,579
Total other data	$ 4,234	$ 4,216

Note 14 – Commitments and Contingencies

Leases. Operating leases consist primarily of leases for real property and equipment. The leases frequently include renewal options, escalation clauses, and require the Company to pay certain occupancy expenses. Lease expense was approximately $1.4 million and $4.0 million for the three and nine months ended September 30, 2019, respectively, compared to $1.1 million and $3.4 million for the three and nine months ended September 30, 2018.

Capital leases consist primarily of leases for vehicles (see Note 7 – Debt). The leases require monthly payments of principal and interest. All leases transfer title at lease end for a nominal cash buyout.

Legal. The Company is continually engaged in administrative proceedings, arbitrations, and litigation with owners, general contractors, suppliers, and other unrelated parties, all arising in the ordinary courses of business. In the opinion of the Company's management, the results of these actions will not have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

LFS and Harper, wholly owned subsidiaries of the Company, were parties to a lawsuit involving a Harper employee who was alleged to be in the course and scope of his employment at the time the personal car he was operating collided with another car causing injuries to three persons and one fatality. During the course of the litigation, the plaintiffs made settlement demands within LFS and Harper's insurance coverage limits. In October 2018, the plaintiffs agreed to settle and dismiss their lawsuit in exchange for an aggregate payment of $30.0 million from LFS and Harper, which amounts were entirely paid by the Company's insurance carriers during February 2019. The $30.0 million amounts due from the Company's insurance carriers and due to the plaintiffs were included in the captions labeled Other current assets and Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheet as of December 31, 2018. The Company had no monetary exposure, including for punitive damages. This matter was dismissed on April 28, 2019.

Surety. The terms of our construction contracts frequently require that we obtain from surety companies, and provide to our customers, payment and performance bonds ("Surety Bonds") as a condition to the award of such contracts. The Surety Bonds secure our payment and performance obligations under such contracts, and we have agreed to indemnify the surety companies for amounts, if any, paid by them in respect of Surety Bonds issued on our behalf. In addition, at the request of labor unions representing certain of our employees, Surety Bonds are sometimes provided to secure obligations for wages and benefits payable to or for such employees. Public sector contracts require Surety Bonds more frequently than private sector contracts, and accordingly, our bonding requirements typically increase as the amount of public sector work increases. As of September 30, 2019 and December 31, 2018, the Company had approximately $103.1 million and $134.2 million, respectively, in surety bonds outstanding. The Surety Bonds are issued by surety companies in return for premiums, which vary depending on the size and type of bond.

Collective Bargaining Agreements. Many of the Company's craft labor employees are covered by collective bargaining agreements. The agreements require the Company to pay specified wages, provide certain benefits and contribute certain amounts to multi-employer pension plans. If the Company withdraws from any of the multi-employer pension plans or if the plans were to otherwise become underfunded, the Company could incur additional liabilities related to these plans. Although the Company has been informed that some of the multi-employer pension plans to which it contributes have been classified as "critical" status, the Company is not currently aware of any significant liabilities related to this issue.

Note 15 – Self-Insurance

The Company purchases workers' compensation and general liability insurance under policies with per-incident deductibles of $250 thousand and a $4.2 million maximum aggregate deductible loss limit per year.

The components of the self-insurance liability as of September 30, 2019 and December 31, 2018 are as follows:

(in thousands)	As of September 30, 2019	As of December 31, 2018
Current liability — workers' compensation and general liability	$ 647	$ 352
Current liability — medical and dental	688	607
Non-current liability	611	820
Total liability shown in Accrued expenses and other liabilities	$ 1,946	$ 1,779
Restricted cash	$ 113	$ 113

The restricted cash balance represents an imprest cash balance set aside for the funding of workers' compensation and general liability insurance claims. This amount is replenished either when depleted or at the beginning of each month.

Note 16 – Backlog

At September 30, 2019 and December 31, 2018, the Company's contractual Construction backlog, which represents the amount of revenue the Company expects to realize from work to be performed on uncompleted construction contracts in progress, was $516.8 million and $505.5 million, respectively. In addition, Service backlog as of September 30, 2019 and December 31, 2018 was $44.8 million and $54.2 million, respectively.

Note 17 – Management Incentive Plans

Upon approval of the Business Combination, the Company adopted the Limbach Holdings, Inc. Omnibus Incentive Plan (the "2016 Plan"). Certain employees, directors and consultants will be eligible to be granted awards under the 2016 Plan, other than incentive stock options, which may be granted only to employees. On May 30, 2019, the Company's stockholders approved the Limbach Holdings, Inc. Amended and Restated Omnibus Incentive Plan (the "2019 Incentive Plan") which effectively increased the amount of shares of the Company's common stock for issuance under the original 2016 Plan of 800,000 shares to 1,150,000 shares under the 2019 Incentive Plan. The number of shares issued or reserved pursuant to the 2019 Incentive Plan will be adjusted by the plan administrator, as they may deem appropriate and equitable as a result of stock splits, stock dividends, and similar changes in the Company's common stock. In connection with the grant of an award, the plan administrator may provide for the treatment of such award in the event of a change in control. All awards are made in the form of shares only.

Service-Based Awards

In 2019, the Company granted 220,636 service-based RSUs to its executives, certain employees, and non-employee directors under the 2019 Incentive Plan.

The following table summarizes our service-based RSU activity for the nine months ended September 30, 2019:

	Awards	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2018	173,087	$ 13.30
Granted	220,636	6.61
Vested	(96,047)	13.28
Forfeited	(9,418)	8.56
Unvested at September 30, 2019	288,258	$ 8.34

Performance-Based Awards

The Company did not grant any performance-based RSUs ("PRSUs") to its executives and certain employees under the 2019 Incentive Plan during the first nine months of 2019. The Company will recognize stock-based compensation expense for these awards over the vesting period based on the projected probability of achievement of certain performance conditions as of the end of each reporting period during the performance period and may periodically adjust the recognition of such expense, as necessary, in response to any changes in the Company's forecasts with respect to the performance conditions. As of September 30, 2019, the Company had not recognized any stock-based compensation expense related to its PRSUs granted to date.

The following table summarizes our PRSU activity for the nine months ended September 30, 2019:

	Awards	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2018	124,057	$ 13.34
Granted	-	-
Vested	-	-
Forfeited	(4,250)	13.43
Unvested at September 30, 2019	119,807	$ 13.34

Market-Based Awards

The following table summarizes our market-based RSU ("MRSUs") activity for the nine months ended September 30, 2019:

	Awards	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2018	140,500	$ 6.58
Granted	-	-
Vested	-	-
Forfeited	(3,000)	6.58
Unvested at September 30, 2019	137,500	$ 6.58

Total recognized stock-based compensation expense amounted to $0.5 million and $1.4 million for the three and nine months ended September 30, 2019, respectively. The aggregate fair value as of the vest date of RSUs that vested during the nine months ended September 30, 2019 and 2018 was $0.6 million and $0.9 million, respectively. Total unrecognized stock-based compensation expense related to unvested RSUs which are probable of vesting was $1.1 million at September 30, 2019. These costs are expected to be recognized over a weighted average period of 1.14 years.

Note 18 – Subsequent Events

Amendment Number One to 2019 Refinancing Agreement and Waiver

On November 14, 2019, the Company, LFS and LHLLC, with the other lenders and guarantors, entered into the Amendment Number One to Financing Agreement and Waiver (the “2019 Refinancing Amendment Number One and Waiver”) with the lenders party thereto and Cortland Capital Market Services LLC, as collateral agent and administrative agent. The 2019 Refinancing Amendment Number One and Waiver includes a waiver of the Company’s compliance with the Total Leverage Ratio less than or equal to 4.00 to 1.00 for the twelve consecutive fiscal month period ending August 31, 2019.

In connection with the 2019 Refinancing Amendment Number One and Waiver, the parties amended certain provisions of the 2019 Refinancing Agreement, including, among other changes to (i) require commencing October 1, 2019, a 3.00% increase in the interest rate on borrowings under the 2019 Refinancing Agreement; (ii) require the approval of CB and, generally, the lenders representing at least 50.1% of the aggregate undrawn term loan commitment or unpaid principal amount of the term loans, prior to effecting any permitted acquisition; (iii) revise the maximum permitted Total Leverage Ratio, starting at 3.30 to 1.00 on October 1, 2019 with a peak ratio of 4.25 during March 2020 along with varying monthly rates culminating in the lowest Total Leverage Ratio of 2.00 to 1.00 on April 1, 2021 and thereafter through the term of the 2019 Refinancing Agreement; and (iv) require the liquidity of the loan parties, which is generally calculated by adding (a) unrestricted cash on hand of the Loan Parties maintained in deposit accounts subject to control agreements granting control to the collateral agent for the 2019 ABL Credit Agreement, to (b) the difference between (1) the lesser of (x) $15.0 million, as adjusted from time to time, and (y) 75% of certain customer accounts resulting from the sale of goods or services in the ordinary course of business minus certain reserves established by the Administrative Agent and (2) the sum of (x) the outstanding principal balance of all revolving loans under the 2019 ABL Credit Agreement plus (y) the aggregate undrawn available amount of all letters of credit then outstanding plus the amount of any obligations that arise from any draw against any letter of credit that have not been reimbursed by the borrowers or funded with a revolving loan under the 2019 ABL Credit Agreement (the “Loan Parties Liquidity”), as of the last day of any fiscal month ending on or after November 30, 2019, of at least $10,000,000. As a condition to executing the 2019 Refinancing Amendment Number One and Waiver, the loan parties will be required to pay a non-refundable waiver fee of $400,000 and a non-refundable amendment fee of $1,000,000 (the “PIK First Amendment Fee”, which shall be paid in kind by adding the PIK First Amendment Fee to the outstanding principal amount of the term loan under the 2019 Refinancing Agreement as additional principal obligations thereunder on and as of the effective date 2019 Refinancing Amendment Number One and Waiver).

Amendment Number One to 2019 ABL Credit Agreement and Waiver

On November 14, 2019, the Company, LFS and LHLLC, with the other lenders and guarantors, entered into the Amendment Number One to ABL Financing Agreement and Waiver (the “2019 ABL Credit Amendment Number One and Waiver”) with the lenders party thereto and Citizens Bank, N.A., as collateral agent and administrative agent. The 2019 ABL Credit Amendment Number One and Waiver includes a waiver of the Company’s compliance with the Total Leverage Ratio less than or equal to 4.00 to 1.00 for the twelve consecutive fiscal month period ending August 31, 2019.

In connection with the 2019 ABL Credit Amendment Number One and Waiver, the parties amended certain provisions of the 2019 ABL Credit Agreement, including, among other changes to (i) require the approval of the origination agent and, generally, the lenders representing at least 50.1% of the aggregate undrawn revolving loan commitment or unpaid principal amount of the term loans, prior to effecting any permitted acquisition; (ii) revise the maximum permitted Total Leverage Ratio, starting at 3.30 to 1.00 on October 1, 2019 with a peak ratio of 4.25 during March 2020 along with varying monthly rates culminating in the lowest Total Leverage Ratio of 2.00 to 1.00 on April 1, 2021 through the term of the 2019 ABL Credit Agreement; and (iii) require the Loan Parties Liquidity as of the last day of any fiscal month ending on or after November 30, 2019, of at least $10,000,000, as described above in the Amendment Number One to 2019 Refinancing Agreement and Waiver. As a condition to executing the 2019 ABL Credit Amendment Number One and Waiver, the loan parties will be required to pay a non-refundable waiver fee of $7,500.

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

The following discussion should be read in conjunction with the condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from our management's expectations. Factors that could cause such differences are discussed in "Forward-Looking Statements" and "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. We assume no obligation to update any of these forward-looking statements.

Overview

We are an industry-leading commercial specialty contractor in the areas of heating, ventilation and air conditioning ("HVAC"), plumbing, electrical and building controls through design and construction of new and renovated buildings, maintenance services, energy retrofits and equipment upgrades for private customers and federal, state, and local public agencies in Florida, California, Massachusetts, New Jersey, Pennsylvania, Delaware, Maryland, Washington, D.C., Virginia, West Virginia, Ohio and Michigan. We operate our business in two segments, (i) Construction, in which we generally manage large construction or renovation projects that involve primarily HVAC, plumbing or electrical services, and (ii) Service, in which we provide facility maintenance or services primarily on HVAC, plumbing or electrical systems. Our branches and corporate headquarters are located in the United States.

JOBS Act

We are an emerging growth company ("EGC") pursuant to the Jumpstart Our Business Startups Act (the "JOBS Act"). The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying companies. Under the JOBS Act, we will remain an EGC until the earliest of:

- December 31, 2019 (the last day of the fiscal year following the fifth anniversary of our initial public offering of common equity securities);
- the last day of the fiscal year in which we have annual gross revenue of $1.07 billion or more;
- the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; and
- the date on which we are deemed to be a "large accelerated filer," which will occur at such time as the Company has an aggregate worldwide market value of common equity securities held by non-affiliates of $700.0 million or more as of the last business day of our most recently completed second fiscal quarter.

Pursuant to Section 107(b) of the JOBS Act, as an EGC we elected to delay adoption of accounting pronouncements newly issued or revised after April 5, 2012 and applicable to public companies until such pronouncements are made applicable to private companies. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies.

Key Components of Condensed Consolidated Statements of Operations

Revenue

We generate revenue principally from fixed-price construction contracts to deliver HVAC, plumbing, and electrical construction services to our customers. The duration of our contracts generally ranges from six months to two years. Revenue from fixed price contracts is recognized on the percentage-of-completion method, measured by the relationship of total cost incurred to total estimated contract costs (cost-to-cost method). Revenue from time and materials contracts is recognized as services are performed. We believe that our extensive experience in HVAC, plumbing, and electrical projects, and our internal cost review procedures during the bidding process, enable us to reasonably estimate costs and mitigate the risk of cost overruns on fixed price contracts.

We generally invoice customers on a monthly basis, based on a schedule of values that breaks down the contract amount into discrete billing items. Costs and estimated earnings in excess of billings on uncompleted contracts are recorded as an asset until billable under the contract terms. Billings in excess of costs and estimated earnings on uncompleted contracts are recorded as a liability until the related revenue is recognizable.

Cost of Revenue

Cost of revenue primarily consists of the labor, equipment, material, subcontract, and other job costs in connection with fulfilling the terms of our contracts. Labor costs consist of wages plus taxes, fringe benefits, and insurance. Equipment costs consist of the ownership and operating costs of company-owned assets, in addition to outside-rented equipment. If applicable, job costs include estimated contract losses to be incurred in future periods. Due to the varied nature of our services, and the risks associated therewith, contract costs as a percentage of contract revenue have historically fluctuated and we expect this fluctuation to continue in future periods.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of personnel costs for our administrative, estimating, human resources, safety, information technology, legal, finance and accounting employees and executives. Also included are non-personnel costs, such as travel-related expenses, legal and other professional fees and other corporate expenses to support the growth of our business and to meet the compliance requirements associated with operating as a public company. Those costs include accounting, human resources, information technology, legal personnel, additional consulting, legal and audit fees, insurance costs, board of directors' compensation and the costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act.

Amortization of Intangibles

Amortization expense represents periodic non-cash charges that consist of amortization of various intangible assets, primarily including leasehold interests, customer relationships - Service, and Construction and Service backlogs.

Other Income/Expense, Net

Other income/expense, net consists primarily of interest expense incurred in connection with our debt, net of interest income, gains and losses on the disposition of property and equipment, changes in the fair value of warrant liability and goodwill impairment. Deferred financing costs are amortized to interest expense using the effective interest method.

Goodwill and Identifiable Intangible Assets

Goodwill is the excess of purchase price over the fair value of the net assets of acquired businesses. We assess goodwill for impairment each year, and more frequently if circumstances suggest an impairment may have occurred. When the carrying value of a given reporting unit exceeds its fair value, an impairment loss is recorded to the extent that the implied fair value of the goodwill of the reporting unit is less than its carrying value. If other reporting units have had increases in fair value, such increases may not be recorded. Accordingly, such increases may not be netted against impairments at other reporting units. The requirements for assessing whether goodwill has been impaired involve market-based information. This information, and its use in assessing goodwill, entails some degree of subjective assessment.

We performed our annual impairment testing as of September 30, 2019 and impairment charges resulting from this process are reported in the third quarter. We segregate our operations into reporting units based on the degree of operating and financial independence of each unit and our related management of them. We perform our goodwill impairment analysis at the reporting unit level. Each of our operating units represents an operating segment, and our operating segments are our reporting units.

We also review intangible assets with definite lives subject to amortization whenever events or circumstances indicate that a carrying amount of an asset may not be recoverable. Events or circumstances that might require impairment testing include the identification of other impaired assets within a reporting unit, loss of key personnel, the disposition of a significant portion of a reporting unit, a significant decline in stock price or a significant adverse change in business climate or regulations. Changes in strategy and/or market condition, may also result in adjustments to recorded intangible asset balances or their useful lives.

Income Taxes

The Company is taxed as a C corporation and our financial results include the effects of federal income taxes which are paid at the parent level.

For interim periods, the provision for income taxes (including federal, state and local taxes) is calculated based on the estimated annual effective tax rate. The Company accounts for income taxes in accordance with ASC Topic 740 - Income Taxes, which requires the use of the asset and liability method. Under this method, deferred tax assets and liabilities and income or expense are recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and their respective tax bases, using enacted tax rates expected to be applicable in the years in which the temporary differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes.

Operating Segments

We manage and measure the performance of our business in two operating segments: Construction and Service. These segments are reflective of how the Company's Chief Operating Decision Maker ("CODM") reviews operating results for the purposes of allocating resources and assessing performance. Our CODM is comprised of our Chief Executive Officer, Chief Financial Officer and Chief Operating Officers. The CODM evaluates performance and allocates resources based on operating income, which is profit or loss from operations before "other" corporate expenses, income tax provision (benefit) and dividends, if any.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2 to our 2018 Consolidated Financial Statements. Our CODM evaluates performance based on income from operations of the respective branches after the allocation of corporate office operating expenses. In accordance with ASC Topic 280 – Segment Reporting, the Company has elected to aggregate all of the construction branches into one Construction reportable segment and all of the service branches into one Service reportable segment. All transactions between segments are eliminated in consolidation. Our Corporate department provides general and administrative support services to our two operating segments. We allocate costs between segments for selling, general and administrative expenses and depreciation expense. Some selling, general and administrative expenses such as executive and administrative salaries and payroll, corporate marketing, corporate depreciation and amortization, consulting, and accounting and corporate legal fees are not allocated to segments because the allocation method would be arbitrary and would not provide an accurate presentation of operating results of segments; instead these types of expenses are maintained as a corporate expense. See Note 13 – Operating Segments in the Notes to Condensed Consolidated Financial Statements.

We do not identify capital expenditures and total assets by segment in our internal financial reports due in part to the shared use of a centralized fleet of vehicles and specialized equipment. Interest expense is not allocated to segments because of the corporate management of debt service.

Comparison of Results of Operations for the three months ended September 30, 2019 and September 30, 2018

The following table presents operating results for the three months ended September 30, 2019 and September 30, 2018 in dollars and expressed as a percentage of consolidated revenue, as compared below:

	Three months ended September 30,			
	2019		2018	
(in thousands except for percentages)	**($)**	**(%)**	**($)**	**(%)**
Statement of Operations Data:				
Revenue:				
Construction	$ 118,076	79.9%	$ 109,389	81.0%
Service	29,692	20.1%	25,673	19.0%
Total revenue	147,768	100.0%	135,062	100.0%
Gross profit:				
Construction	10,602	9.0%[1]	4,967	4.5%[1]
Service	7,189	24.2%[2]	5,723	22.3%[2]
Total gross profit	17,791	12.1%	10,690	7.9%
Selling, general and administrative:				
Construction	8,439	7.1%[1]	7,770	7.1%[1]
Service	4,622	15.6%[2]	3,680	14.3%[2]
Corporate	3,507	2.4%[3]	1,875	1.4%[3]
Total selling, general and administrative expenses	16,568	11.2%	13,325	9.9%
Amortization of intangibles (Corporate)	149	0.1%	304	0.2%
Operating income (loss):				
Construction	2,163	1.8%[1]	(2,803)	(2.6)%[1]
Service	2,567	8.6%[2]	2,043	8.0%[2]
Corporate	(3,656)	-	(2,179)	-
Total operating income (loss)	1,074	0.7%	(2,939)	(2.2)%
Other expenses:				
Other expenses (Corporate)	(1,217)	(0.8)%	(751)	(0.6)%
Impairment of goodwill (Construction)	(4,359)	(3.7)%[1]	-	-
Total other expenses	(5,576)	(3.8)%	(751)	(0.6)%
Loss before income taxes	(4,502)	(3.0)%	(3,690)	(2.7)%
Income tax benefit	(1,090)	(0.7)%	(185)	(0.1)%
Net loss	$ (3,412)	$ (2.3)%	$ (3,505)	$ (2.6)%

(1) As a percentage of Construction revenue.

(2) As a percentage of Service revenue.

(3) As a percentage of Total revenue.

Revenue

	Three months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	$	$	$	%
Revenue:				
Construction	118,076	109,389	8,687	7.9%
Service	29,692	25,673	4,019	15.7%
Total revenue	147,768	135,062	12,706	9.4%

Revenue for the three months ended September 30, 2019 increased by $12.7 million compared to the three months ended September 30, 2018. Construction revenue increased by $8.7 million, or 7.9%, and Service revenue increased by $4.0 million, or 15.7%. The increase in Construction revenue was primarily driven by revenue increases for our Florida, New England, Eastern Pennsylvania and Western Pennsylvania regions. These increases were partially offset by Construction revenue decreases in our Ohio, Michigan, Southern California and Mid-Atlantic regions. Our Florida region's Construction growth was the most significant and resulted from eight new projects on which work commenced since the third quarter of 2018. Our Service revenue increase is primarily attributable to increases in our Michigan, Florida and New England regions, as partially offset by reductions in our Southern California and Western Pennsylvania regions. Maintenance contract revenue, a component of Service revenue, was $3.7 million and $3.6 million for the three months ended September 30, 2019 and September 30, 2018, respectively, an increase of $0.1 million or 2.8%.

Gross Profit

	Three months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	$	$	$	%
Gross Profit:				
Construction	10,602	4,967	5,635	113.4%
Service	7,189	5,723	1,466	25.6%
Total gross profit	17,791	10,690	7,101	66.4%
Total gross profit as a percentage of consolidated total revenue	12.0%	7.9%		

Our gross profit for the three months ended September 30, 2019 increased by $7.1 million compared to the three months ended September 30, 2018. Construction gross profit increased $5.6 million, or 113.4%, primarily due to gross profit improvements for our Mid-Atlantic and Florida regions, as partially offset by a gross profit decrease for our Southern California region. We recorded no significant Construction project write downs for the Mid-Atlantic region during the third quarter of 2019 as compared to gross profit write downs on four projects totaling $9.0 million during the third quarter of 2018. The Construction gross profit improvement in our Florida region resulted from strong margin on the higher revenue volume noted above. The Southern California region's Construction gross profit decrease is attributable to third quarter 2019 write downs noted in the succeeding paragraph. Service gross profit increased $1.5 million or 25.6%, due to gross profit improvements in our Mid-Atlantic, Michigan, and Florida regions, as partially offset by a Southern California region decrease during the third quarter of 2019. As a result of the foregoing, our total gross profit percentage increased from 7.9% in the third quarter of 2018 to 12.0% in the third quarter of 2019.

For the three months ended September 30, 2019, we recorded revisions in our contract estimates for certain construction and service projects. For individual projects with revisions having a material gross profit impact, this resulted in gross profit write ups totaling $0.6 million on one Mid-Atlantic region construction project and one New England region construction project. We also recorded revisions in contract estimates that resulted in project write downs totaling $3.7 million on six construction projects for our Southern California region and one construction project for our New England region.

Selling, General and Administrative Expenses

	Three months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Selling, general and administrative expenses:				
Construction	8,439	7,770	669	8.6%
Service	4,622	3,680	942	25.6%
Corporate	3,507	1,875	1,632	87.0%
Total selling, general and administrative expenses	16,568	13,325	3,243	24.3%
Selling, general and administrative expenses as a percentage of consolidated total revenue	11.2%	9.9%		

Our total selling, general and administrative ("SG&A") expenses increased by approximately $3.2 million to $16.6 million for the three months ended September 30, 2019 compared to $13.3 million for the three months ended September 30, 2018. For the three months ended September 30, 2019, incremental payroll expenses increased $3.2 million primarily related to the full reversal of the incentives accrual during the third quarter of 2018 and higher salary and benefit costs for new hires. Selling, general and administrative expenses as a percentage of revenues were 11.2% for the three months ended September 30, 2019 up from 9.9% for the three months ended September 30, 2018.

Amortization of Intangibles

	Three months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Amortization of intangibles (Corporate)	149	304	(155)	(51.0)%

Total amortization expense for the amortizable intangible assets was $0.1 million for the three months ended September 30, 2019 and $0.3 million for the three months ended September 30, 2018. This decrease is primarily attributable to the Backlog – Construction intangible asset becoming fully amortized during the fourth quarter of 2018, thereby resulting in no future amortization expense.

Other Expenses

	Three months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Other income (expenses):				
Interest expense, net	(1,759)	(787)	972	123.5%
Gain on disposition of property and equipment	17	36	(19)	(52.8)%
Gain on change in fair value of warrant liability	525	-	525	100.0%
Total other expenses (Corporate)	(1,217)	(751)	466	62.1%
Impairment of goodwill (Construction)	(4,359)	-	4,359	100.0%
Total other expenses	(5,576)	(751)	4,825	642.5%

Other expenses, consisted primarily of interest expense of $1.8 million for the three months ended September 30, 2019 as compared to $0.8 million of interest expense for the three months ended September 30, 2018 and the recognition of impairment of goodwill on our Construction segment of $4.4 million. Our interest expense resulted from the net effect of higher third quarter 2019 interest rates being applied to higher debt principal balances and debt issuance amortization associated with the 2019 Refinancing Agreement that occurred on April 12, 2019. The Company also recorded other income of approximately $0.5 million to reflect the change in fair value of the CB Warrant liability during the third quarter of 2019.

Income Taxes

We recorded an income tax benefit of $1.1 million for the three months ended September 30, 2019, compared to an income tax benefit of $0.2 million for the third quarter of 2018. Based on our pre-tax loss for the third quarter of 2019, a deferred tax benefit of $1.1 million was recorded for that period. The Company had no current state or local income tax provision (benefit) for the three months ended September 30, 2019. Our effective tax benefit rate was 24.2% for the third quarter of 2019, compared to an effective tax rate of 5.0% for the third quarter of 2018. Our effective tax rates differ from the federal statutory rate of 21% primarily due to state taxes, nondeductible expenses and tax credits. See Note 12 - Income Taxes in the Notes to Condensed Consolidated Financial Statements.

Comparison of Results of Operations for the nine months ended September 30, 2019 and September 30, 2018

The following table presents operating results for the nine months ended September 30, 2019 and September 30, 2018 in dollars and expressed as a percentage of consolidated revenue, as compared below:

	Nine months ended September 30,			
	2019		2018	
(in thousands except for percentages)	**($)**	**(%)**	**($)**	**(%)**
Statement of Operations Data:				
Revenue:				
Construction	$ 327,675	79.1%	$ 319,934	81.0%
Service	86,797	20.9%	75,208	19.0%
Total revenue	414,472	100.0%	395,142	100.0%
Gross profit:				
Construction	34,337	10.5%(1)	23,738	7.4%(1)
Service	20,888	24.1%(2)	16,037	21.3%(2)
Total gross profit	55,225	13.3%	39,775	10.1%
Selling, general and administrative:				
Construction	24,280	7.4%(1)	22,780	7.1%(1)
Service	13,393	15.4%(2)	11,516	15.3%(2)
Corporate	12,018	2.9%(3)	8,380	2.1%(3)
Total selling, general and administrative expenses	49,691	12.0%	42,676	10.8%
Amortization of intangibles (Corporate)	499	0.1%	975	0.2%
Operating income (loss):				
Construction	10,057	3.1%(1)	958	0.3%(1)
Service	7,495	8.6%(2)	4,521	6.0%(2)
Corporate	(12,517)	-	(9,355)	-
Total operating income (loss)	5,035	1.2%	(3,876)	(1.0)%
Other expenses:				
Other expenses (Corporate)	(4,243)	(1.0)%	(2,279)	(0.6)%
Impairment of goodwill (Construction)	(4,359)	(1.3)%(1)	-	-
Total other expenses	(8,602)	(2.1)%	(2,279)	(0.6)%
Loss before income taxes	(3,567)	(0.9)%	(6,155)	(1.6)%
Income tax benefit	(797)	(0.2)%	(936)	(0.2)%
Net loss	$ (2,770)	$ (0.7)%	$ (5,219)	$ (1.3)%

(1) As a percentage of Construction revenue.

(2) As a percentage of Service revenue.

(3) As a percentage of Total revenue.

Revenue

	Nine months ended September 30,			
	2019	**2018**	**Increase/(Decrease)**	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Revenue:				
Construction	327,675	319,934	7,741	2.4%
Service	86,797	75,208	11,589	15.4%
Total revenue	414,472	395,142	19,330	4.9%

Revenue for the nine months ended September 30, 2019 increased by $19.3 million compared to the nine months ended September 30, 2018. Construction revenue increased by $7.7 million, or 2.4%, and Service revenue increased by $11.6 million, or 15.4%. The increase in Construction revenue was primarily driven by increases in our Florida, New England, Western Pennsylvania and Eastern Pennsylvania regions. Our Florida region's Construction revenue increase was the most significant and resulted primarily from sixteen construction projects on which work either commenced or ramped up since the first nine months of 2018. Our Construction revenue increased in our New England region due to ten construction projects commencing since the first nine months of 2019 as well as ramped up projects in Eastern and Western Pennsylvania previously started in 2018. These increases were partially offset by planned construction volume reduction at the Mid-Atlantic region and the substantial completion of one Michigan project since the third quarter of 2018 in addition to decreases in Ohio projects due to completion year over year and Southern California. Our Service revenue increase is primarily attributable to increases in our Florida, Michigan, New England, Eastern Pennsylvania regions, as partially offset by Mid-Atlantic and Southern California region reductions. Our Florida region's Service revenue increase was the most significant and resulted primarily from six new service projects on which work commenced or ramped up since the first nine months of 2018. Maintenance contract revenue, a component of Service revenue, was $11.1 million and $10.3 million for the nine months ended September 30, 2019 and September 30, 2018, respectively, an increase of $0.8 million or 7.8%.

Gross Profit

	Nine months ended September 30,			
	2019	**2018**	**Increase/(Decrease)**	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Gross Profit:				
Construction	34,337	23,738	10,599	44.7%
Service	20,888	16,037	4,851	30.2%
Total gross profit	55,225	39,775	15,450	38.8%
Total gross profit as a percentage of consolidated total revenue	13.3%	10.1%		

Our gross profit for the nine months ended September 30, 2019 increased by $15.5 million compared to the nine months ended September 30, 2018. Construction gross profit increased $10.6 million, or 44.7%, primarily due to gross profit improvements for our Florida, Michigan, New England and Mid-Atlantic regions, as partially offset by a gross profit decrease for our Southern California region. The Florida gross profit improvement resulted from strong margin on the higher revenue volume noted above, while our Mid-Atlantic region benefited from only one construction project write down totaling $0.4 million recorded during the first nine months of 2019 compared to eight construction project write downs totaling $17.0 million during the first nine months of 2018. The Southern California region's Construction gross profit decrease is attributable to the 2019 project write downs noted in the succeeding paragraph. Service gross profit increased $4.9 million, or 30.2%, due primarily to increased maintenance service revenue, increased service work volume and more favorable project pricing in our Ohio, Florida, Michigan and Eastern Pennsylvania regions. As a result of the foregoing, our total gross profit percentage increased from 10.1% for the nine months ended September 30, 2018 to 13.3% for the nine months ended September 30, 2019.

For the nine months ended September 30, 2019, we recorded revisions in our contract estimates for certain construction and service projects. For individual construction projects with revisions having a material gross profit impact, this resulted in gross profit write ups totaling $3.4 million on seven construction projects, including two projects totaling $0.7 million for our Mid-Atlantic region. One of these project write ups in the amount of $1.4 million resulted from our settlement of a significant Michigan project. Revisions in our contract estimates on one service project resulted in a gross profit write up of $0.2 million on a Mid-Atlantic region project. We also recorded revisions in contract estimates that resulted in project write downs totaling $6.5 million on nine construction projects, including seven projects totaling $5.1 million in our Southern California region, one project for $1.0 million in our Western Pennsylvania region and one project for $0.4 million in our Mid-Atlantic region. Revisions in our contract estimates on one service project resulted in a gross profit write down of $0.4 million on a Southern California region project.

Selling, General and Administrative Expenses

	Nine months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Selling, general and administrative expenses:				
Construction	24,280	22,780	1,500	6.6%
Service	13,393	11,516	1,877	16.3%
Corporate	12,018	8,380	3,638	43.4%
Total selling, general and administrative expenses	49,691	42,676	7,015	16.4%
Selling, general and administrative expenses as a percentage of consolidated total revenue	12.0%	10.8%		

Our SG&A expenses increased by approximately $7.0 million to $49.7 million for the nine months ended September 30, 2019 compared to $42.7 million for the nine months ended September 30, 2018. For the nine months ended September 30, 2019 SG&A expenses included a $3.5 million increase primarily due to the full reversal of the incentives accrual for the nine months ended September 30, 2018 and higher payroll-related incentive compensation expense for the nine months ended September 30, 2019 as a result of the Company's stronger current year-to-date EBITDA performance. We also incurred incremental payroll expenses totaling $3.8 million related to higher salary and benefit costs for new hires and retention bonus payments made during the nine months ended September 30, 2019 as partially offset by a reduction in professional fees of $0.4 million. For the nine months ended September 30, 2019, Corporate SG&A expense included $1.4 million of stock-based compensation expense associated with the grant of restricted stock units, representing a decrease of $0.3 million year over year. Selling, general and administrative expenses as a percentage of revenues were 12.0% for the nine months ended September 30, 2019, up from 10.8% for the nine months ended September 30, 2018.

Amortization of Intangibles

	Nine months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Amortization of intangibles (Corporate)	499	975	(476)	(48.8)%

Total amortization expense for the amortizable intangible assets was $0.5 million for the nine months ended September 30, 2019 and $1.0 million for the nine months ended September 30, 2018. This decrease is primarily attributable to the Backlog – Construction intangible asset becoming fully amortized during the fourth quarter of 2018, thereby resulting in no future amortization expense and $0.1 million less amortization on the Customer Relationships – Service intangible asset year over year.

Other Expenses

	Nine months ended September 30,			
	2019	2018	Increase/(Decrease)	
(in thousands except for percentages)	**$**	**$**	**$**	**%**
Other income (expenses):				
Interest expense, net	(4,190)	(2,355)	1,835	77.9%
Gain on disposition of property and equipment	38	76	(38)	50.0%
Loss on debt extinguishment	(513)	-	513	100.0%
Gain on change in fair value of warrant liability	422	-	422	100.0%
Total other expenses (Corporate)	(4,243)	(2,279)	1,964	86.2%
Impairment of goodwill (Construction)	(4,359)	-	4,359	100.0%
Total other expenses	(8,602)	(2,279)	6,323	277.4%

Other expenses, totaling $8.6 million consisted primarily of interest expense of $4.2 million for the nine months ended September 30, 2019 as compared to $2.3 million for the nine months ended September 30, 2018 and recognition of impairment of goodwill on our Construction segment of $4.4 million for the nine months ended September 30, 2019. Our interest expense increased due to the Company's debt obligations, including debt issuance amortization, associated with the 2019 Refinancing Agreement that occurred on April 12, 2019. Debt issuance costs totaling $0.5 million associated with the previous Credit Agreement were written off at the time of the refinancing transaction resulting in a loss on debt extinguishment. The Company also recorded other income of approximately $0.4 million to reflect the change in fair value of the CB Warrant liability during the nine months ended September 30, 2019.

Income Taxes

We recorded an income tax benefit of $0.8 million for the nine months ended September 30, 2019, compared to an income tax benefit of $0.9 million for the nine months ended September 30, 2018. For the first nine months of 2019, our provision comprised a current federal tax provision of $0.1 million and a deferred tax benefit of $0.9 million. Our effective tax benefit rate was 22.3% for the first nine months ended September 30, 2019, compared to a benefit rate of 15.2 % for the first nine months ended September 30, 2018. Our effective tax rates differ from the federal statutory rate of 21% primarily due to state taxes, nondeductible expenses and tax credits. See Note 12 - Income Taxes in the Notes to Condensed Consolidated Financial Statements.

Construction and Service Backlog Information

Our contract backlog consists of the remaining unearned revenue on awarded contracts. Backlog is not a term recognized under generally accepted accounting principles in the United States of America ("GAAP"); however, it is a common measurement used in our industry. Once we have successfully negotiated a project and have received written confirmation of the contract being awarded to us, we record the value of the contract as backlog. Consequently, contract backlog is also an important factor we use to monitor our business. The duration of our contracts varies significantly from months to years and our backlog is subject to increases as projects are added. Our backlog does not necessarily represent the amount of work that we are currently negotiating or pursuing at any given time. It is also subject to change as contract backlog can increase or decrease due to contract change orders.

Given the multi-year duration of many of our contracts, revenue from backlog is expected to be earned over a period that will extend beyond one year. Many of our contracts contain provisions that allow the contract to be canceled at any time; however, if this occurs, we can generally recover costs incurred up to the date of cancellation. Historically, we have not experienced significant decreases in contract value or cancellations of projects that were already included in backlog.

Construction backlog was $516.8 million at September 30, 2019, compared to $505.5 million at December 31, 2018, which reflects new construction contract awards that we received during the first nine months of 2019. In addition, Service backlog as of September 30, 2019 was $44.8 million compared to $54.2 million at December 31, 2018. Decrease in Service backlog year over year is due to Service project timing. Of the total backlog at September 30, 2019, we expect to recognize approximately $136.3 million, or 24.3%, by the end of 2019.

Seasonality, Cyclicality and Quarterly Trends

Severe weather can impact our operations. In the northern climates where we operate, and to a lesser extent the southern climates as well, severe winters can slow our productivity on construction projects, which shifts revenue and gross profit recognition to a later period. Our maintenance operations may also be impacted by mild or severe weather. Mild weather tends to reduce demand for our maintenance services, whereas severe weather may increase the demand for our maintenance and spot services. Our operations also experience mild cyclicality, as building owners typically work through maintenance and capital projects at an increased level during the third and fourth calendar quarters of each year.

Effect of Inflation and Tariffs

The prices of products such as steel, pipe, copper and equipment from manufacturers are subject to fluctuation and the imposition of or increases in tariffs. While it is difficult to accurately measure the impact of inflation and tariffs due to the imprecise nature of the estimates required, we believe these effects, if any, on our results of operations and financial condition have been immaterial. When appropriate, we include cost escalation factors into our bids and proposals. In addition, we are often able to mitigate the impact of future price increases by entering into fixed price purchase orders for materials and equipment and subcontracts on our projects.

Liquidity and Capital Resources

Cash Flows

Our liquidity needs relate primarily to the provision of working capital (defined as current assets less current liabilities) to support operations, funding of capital expenditures, and investment in strategic opportunities. Historically, liquidity has been provided by operating activities and borrowings from commercial banks and institutional lenders.

The following table presents summary cash flow information for the periods indicated:

	Nine months ended September 30,	
(in thousands)	**2019**	**2018**
Net cash provided by (used in):		
Operating activities	$ (17,584)	$ 2,219
Investing activities	(2,041)	(3,287)
Financing activities	18,766	968
Net decrease in cash and cash equivalents	$ (859)	$ (100)
Noncash investing and financing transactions:		
Property and equipment financed with capital leases	$ 2,685	$ 1,989
Interest paid	3,091	2,125

Our cash flows are primarily impacted from period to period by fluctuations in working capital. Factors such as our contract mix, commercial terms, days sales outstanding and delays in the start of projects may impact our working capital. In line with industry practice, we accumulate costs during a given month then bill those costs in the current month for many of our contracts. While labor costs associated with these contracts are paid weekly and salary costs associated with the contracts are paid bi-weekly, certain subcontractor costs are generally not paid until we receive payment from our customers (contractual "pay-if-paid" terms). We have not historically experienced a large volume of write-offs related to our receivables and our unbilled revenue on contracts in progress. We regularly assess our receivables and costs in excess of billings for collectability and provide allowances for doubtful accounts where appropriate. We believe that our reserves for doubtful accounts are appropriate as of September 30, 2019, but adverse changes in the economic environment may impact certain of our customers' ability to access capital and compensate us for our services, as well as impact project activity for the foreseeable future.

The following table represents our summarized working capital information:

(in thousands, except ratios)	**As of September 30, 2019**	**As of December 31, 2018**
Current assets	$ 195,166	$ 204,986
Current liabilities	(154,842)	(182,138)
Net working capital	$ 40,324	$ 22,848
Current ratio*	1.26	1.13

* Current ratio is calculated by dividing current assets by current liabilities.

Cash Flows Provided by (Used in) Operating Activities

Cash flows used in operating activities were $17.6 million for the nine months ended September 30, 2019 compared to $2.2 million provided by operating activities for the nine months ended September 30, 2018. For the nine months ended September 30, 2019, our cash usage in operating activities was significantly impacted by a $7.7 million increase in accounts receivable, a $1.4 million decrease in accounts payable, a $6.1 million decrease in billings in excess of costs and estimated earnings on uncompleted contracts (i.e., overbillings), a $13.3 million increase in costs and estimated earnings in excess of billings (i.e., underbillings). The accounts receivable increase of $7.7M is due to high September 2019 billings in our New England region for which cash has not yet been collected. The $6.1 million decrease in overbillings is due to newly commenced projects without significant progress as of the end of the quarter. Increase in underbillings of $13.1 million is primarily due to a combination of 2019 unbilled costs incurred on Southern California region and Mid-Atlantic region Construction projects, on which claims and change orders are pending. The significant decreases in other current assets and accrued expenses and other current liabilities are primarily attributable to the $30.0 million lawsuit settlement payments referenced in Note 14 to the accompanying Condensed Consolidated Financial Statements. The settlement of this matter was entirely covered by the Company's insurance carriers.

Cash flows provided by operating activities were $2.2 million for the nine months ended September 30, 2018. For the nine months ended September 30, 2018, the key components included in cash provided by operating activities were increases of $31.7 million in accrued expenses and other current liabilities and $23.9 million in billings in excess of costs and estimated earnings on uncompleted contracts (i.e., overbillings), as offset by increases of $33.4 million in other current assets and $11.0 million in accounts receivable and a decrease of $7.3 million in accounts payable.

The company recognized a goodwill impairment charge of $4.4 million associated with its Construction reporting unit for the nine months ended September 30, 2019. No impairment was recognized for the nine months ended September 30, 2018. Non-cash charges for depreciation and amortization remained relatively flat at $4.2 million for the nine months ended September 30, 2019 over the nine months ended September 30, 2018 primarily attributable to the Backlog – Construction intangible asset becoming fully amortized during the fourth quarter of 2018, thereby resulting in no amortization expense for the first nine months of 2019. The Company also incurred non-cash charges for debt issuance costs totaling $0.5 million associated with the previous Credit Agreement that were written off at the time of the refinancing transaction and recognized $0.4 million for the change in the CB warrant liability as discussed in Note 7 – Debt.

Cash Flows Used in Investing Activities

Cash flows used in investing activities were $2.0 million for the nine months ended September 30, 2019 and $3.3 million for the nine months ended September 30, 2018. The majority of our cash used for investing activities in both periods was for capital additions pertaining to additional vehicles, tools and equipment, computer software and hardware purchases, office furniture and office related leasehold improvements. We also obtained the use of various assets through operating and capital leases, which reduced the level of capital expenditures that would have otherwise been necessary to operate our business.

Cash Flows Provided by Financing Activities

Cash flows provided by financing activities were $18.8 million for the nine months ended September 30, 2019 and $0.9 million for the nine months ended September 30, 2018. For the nine months ended September 30, 2019, we both borrowed and repaid a total of $17.5 million on the Credit Agreement Revolver and another $19.3 million on the 2019 Revolving Credit Facility. The Company also borrowed $38.6 million, net of debt discount, on its 2019 Refinancing Term Loan, which was used to repay, in its entirety, $14.3 million on the Credit Agreement Term Loan, $7.7 million on the Bridge Term Loan and $10.5 million on the Credit Agreement Revolver. We both borrowed and repaid a total of $19.3 million on our 2019 Revolving Credit Facility. The Company also recorded fair values of the CB Warrants liability and the embedded derivative liability which approximated $0.9 million and $0.4 million, respectively, on the Refinancing Closing Date. The Company also made capital lease payments of $1.8 million and payments of $3.3 million related to debt issuance costs for our April 2019 Refinancing Agreement. For the nine months ended September 30, 2019, the Company's bank overdraft increased by $6.1 million, representing an increase in the Company's short-term obligation to its bank. Bank overdrafts represent outstanding checks in excess of cash on hand with a specific financial institution as of any balance sheet date.

Cash flows provided by financing activities were $0.9 million for the nine months ended September 30, 2018. For the nine months ended September 30, 2018, we borrowed $101.0 million and repaid a total of $94.7 million on the Credit Agreement revolver, and borrowed $10.0 million under the Bridge Term Loan which was used to redeem the Company's remaining 280,000 preferred shares for $10.0 million, including accrued but unpaid dividends of $0.9 million. In addition, the Company repaid $2.0 million of the Bridge Term Loan, made repayments of $2.4 million on the Credit Agreement term loan and made capital lease payments of $1.4 million. During the nine months ended September 30, 2018, the Company's bank overdraft increased by $0.8 million.

The following table reflects our available funding capacity as of September 30, 2019:

(in thousands)		
Cash & cash equivalents		$ 760
Credit agreement:		
Revolving credit facility [1]	$ 14,000	
Outstanding revolving credit facility	-	
Outstanding letters of credit	(4,215)	
Net credit agreement capacity available		9,785
Total available funding capacity		$ 10,545

(1) Represents the 2019 ABL Credit Agreement of $15.0 million, net of a $1.0 million reserve imposed by the lender.

Cash Flow Summary

Management continues to devote additional resources to its billing and collection efforts, and expects its cash provided from operating activities to turn positive over the remainder of 2019 as revenues increase, related higher billings are issued and collected, and project margins continue to improve. Management continues to expect that growth in its service business, which is less sensitive to the cash flow issues presented by large construction projects, will positively impact our cash flow trends.

Debt and Related Obligations

Credit Agreement

On July 20, 2016, in connection with the Business Combination, a subsidiary of the Company, Limbach Facility Services LLC ("LFS") entered into the Credit Agreement (as amended, the "Credit Agreement"). The Credit Agreement provided for a $25.0 million line of credit (the "Credit Agreement Revolver") and a $24.0 million term loan (the "Credit Agreement Term Loan") with a consortium of four commercial banks. The loans had a variable interest rate based on one-month LIBOR and were set to expire in July 2021. The loans were subject to certain financial covenants.

On January 12, 2018, LFS and Limbach Holdings LLC ("LHLLC") entered into the Second Amendment and Limited Waiver to the Credit Agreement (the "Second Amendment and Limited Waiver") with the lenders party thereto and Fifth Third Bank, as administrative agent. The Second Amendment and Limited Waiver provided for a new term loan under the Credit Agreement in the aggregate principal amount of $10.0 million (the "Bridge Term Loan"), the proceeds of which were used to repurchase the Company's remaining 280,000 shares of Class A Preferred Stock for an aggregate purchase price of $9.1 million plus accrued but unpaid dividends of $0.9 million. Loans under the Credit Agreement bore interest, at the borrower's option, at either Adjusted LIBOR ("Eurodollar") or a base rate, in each case, plus an applicable margin. With respect to the Bridge Term Loan, from the twelve-month anniversary of the Effective Date and all times thereafter, the applicable margin with respect to any base rate loan was 5.00% per annum and, with respect to a Eurodollar loan, 6.00% per annum. The borrower was required to make principal payments on the Bridge Term Loan in the amount of $250,000 on the last business day of March, June, September and December of each year, commencing on March 31, 2018. The Bridge Term Loan was to mature on April 12, 2019; however, the balance was refinanced under the 2019 Refinancing Agreements prior to maturity. The Bridge Term Loan was guaranteed by the same Guarantors and secured (on a pari passu basis) by the same Collateral as the loans under the Credit Agreement.

On March 21, 2018, the Company, LFS and LHLLC entered into the Third Amendment to Credit Agreement (the "Third Amendment") with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer. The Third Amendment provided for an increase in the amount that could be drawn against the Credit Agreement Revolver for the issuances of letters of credit from $5.0 million to $8.0 million, modified the definition of EBITDA to include certain one-time costs and non-cash charges and joined the Company as a guarantor under the Credit Agreement and related loan documents.

On May 15, 2018, the Company, LFS and LHLLC entered into the Fourth Amendment to Credit Agreement and Limited Waiver (the "Fourth Amendment and Limited Waiver") with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer. The Fourth Amendment and Limited Waiver amended the existing covenants of the Credit Agreement to include additional information covenants, such as work in process reports and monthly cash flow schedules. In addition, the Fourth Amendment and Limited Waiver required a fixed charge coverage ratio of not less than 1.15 for the fiscal quarter ended June 30, 2018.

On August 13, 2018, the Company, LFS and LHLLC entered into the Fifth Amendment to Credit Agreement and Limited Waiver (the "Fifth Amendment and Limited Waiver") with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer. The Fifth Amendment and Limited Waiver amended the existing covenants of the Credit Agreement and required the Company to engage a consultant for the purposes of making recommendations as to methods of the Company's corporate and Mid-Atlantic's operations and controls. In addition, the Fifth Amendment and Limited Waiver required a fixed charge coverage ratio of not less than 1.15 for the fiscal quarter ended March 30, 2019 and not less than 1.25 at all times thereafter.

During the third quarter of 2018, the Company was not in compliance with the then existing debt covenants. As a result of these violations, the lenders requested that the Company seek alternative financing. On November 30, 2018, the Company, LFS and LHLLC entered into a Sixth Amendment to Credit Agreement and Limited Waiver (the "Sixth Amendment and Limited Waiver") with the lenders party thereto and Fifth Third Bank, as administrative agent and L/C Issuer pursuant to which the administrative agent and certain lenders thereto agreed to a waiver of the Company's non-compliance with the senior leverage and fixed charge coverage ratio requirements under the Credit Agreement. In addition, the Sixth Amendment and Limited Waiver amended the Credit Agreement to, among other things, (i) reduce the Lenders' $25.0 million commitment under the Company's Credit Agreement Revolver to $22.5 million on December 31, 2018 and $20.0 million on January 31, 2019, (ii) accelerate the maturity date for the Credit Agreement revolver and the Credit Agreement Term Loan facility from July 20, 2021 to March 31, 2020, and (iii) require that certain actions be taken in connection with the refinancing of the Company's obligations under the Credit Agreement by certain scheduled dates.

The Credit Agreement, as amended, required the Company to comply with certain financial performance covenants including the following: (1) a minimum EBITDA of $6.5 million for the fourth quarter of 2018, (2) a fixed charge coverage ratio not less than 1.10 for each fiscal quarter ending on or after March 31, 2019 (which was decreased from 1.15 for the fiscal quarters ending on June 30, 2018 through December 31, 2018) and (3) unfinanced capital expenditures not to exceed $1.0 million for each fiscal quarter ending March 31, 2019, June 30, 2019, and September 30, 2019; no unfinanced capital expenditures for the fiscal quarter ending December 31, 2019 and total unfinanced capital expenditures not to exceed $3.0 million for the fiscal year ended December 31, 2019; and no unfinanced capital expenditures where the Company fails to achieve the required fixed charge coverage ratio for such date.

The equity interests of the Company's subsidiaries were pledged as security for the obligations under the Credit Agreement. The Credit Agreement included customary events of default, including, among other items, payment defaults, cross-defaults to other indebtedness, a change of control default and events of default with respect to certain material agreements. Additionally, with respect to the Company, an event of default was deemed to have occurred if the Company's securities ceased to be registered with the U.S. Securities and Exchange Commission (the "SEC") pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In case of an event of default, the administrative agent was entitled to, among other things, accelerated payment of amounts due under the Credit Agreement, foreclose on the equity of the Company's subsidiaries, and exercise all rights of a secured creditor on behalf of the lenders.

As of December 31, 2018, the Company was in compliance with the financial and other covenants related to the Credit Agreement. At December 31, 2018, the Company had irrevocable letters of credit in the amount of $3.4 million with its lender to secure obligations under its self-insurance program.

Refinancing Agreements

2019 Refinancing Agreement

On April 12, 2019 (the "Refinancing Closing Date"), LFS entered into a financing agreement (the "2019 Refinancing Agreement") with the lenders thereto and Cortland Capital Market Services LLC, as collateral agent and administrative agent and CB Agent Services LLC, as origination agent ("CB"). The 2019 Refinancing Agreement consists of (i) a $40.0 million term loan (the "2019 Refinancing Term Loan") and (ii) a $25.0 million multi-draw delayed draw term loan (the "2019 Delayed Draw Term Loan" and, collectively with the 2019 Refinancing Term Loan, the "2019 Term Loans"). Proceeds of the 2019 Refinancing Term Loan were used to repay the then existing Credit Agreement, to pay related fees and expenses thereof and to fund working capital of the Borrowers (as defined below). Management intends for proceeds of the 2019 Delayed Draw Term Loan will be used to fund permitted acquisitions under the 2019 Refinancing Agreement and related fees and expenses in connection therewith.

LFS, a wholly-owned subsidiary of the Company, and each of its subsidiaries are borrowers (the "Borrowers") under the 2019 Refinancing Agreement. In addition, the 2019 Refinancing Agreement is guaranteed by the Company and LHLLC (each, a "Guarantor", and together with the Borrowers, the "Loan Parties").

The 2019 Refinancing Agreement is secured by a first-priority lien on the real property of the Loan Parties and a second-priority lien on substantially all other assets of the Loan Parties, behind the 2019 ABL Credit Agreement (defined below). The respective lien priorities of the 2019 Refinancing Agreement and the 2019 ABL Credit Agreement are governed by an intercreditor agreement.

2019 Refinancing Agreement - Interest Rates and Fees

The interest rate on borrowings under the 2019 Refinancing Agreement is, at the Borrowers' option, either LIBOR (with a 2.00% floor) plus 8.00% or a base rate (with a 3.00% minimum) plus 7.00%.

2019 Refinancing Agreement - Other Terms and Conditions

The 2019 Refinancing Agreement matures on April 12, 2022, subject to adjustment as described therein. Required amortization is $1.0 million per quarter commencing with the fiscal quarter ending September 30, 2020. There is an unused line fee of 2.0% per annum on the undrawn portion of the 2019 Delayed Draw Term Loan, and there is a make-whole premium on prepayments made prior to the 19-month anniversary of the Refinancing Closing Date. This make-whole provision guarantees that the Company will pay no less than 18 months' applicable interest to the lenders under the 2019 Refinancing Agreement.

The 2019 Refinancing Agreement contains representations and warranties, and covenants which are customary for debt facilities of this type. Unless the Required Lenders (as defined in the 2019 Refinancing Agreement) otherwise consent in writing, the covenants limit the ability of the Company and its restricted subsidiaries to, among other things, generally, to (i) incur additional indebtedness or issue preferred stock, (ii) pay dividends or make distributions to the Company's stockholders, (iii) purchase or redeem the Company's equity interests, (iv) make investments, (v) create liens on their assets, (vi) enter into transactions with the Company's affiliates, (vii) sell assets other than in the ordinary course of business or another permitted disposition of assets and (viii) merge or consolidate with, or dispose of substantially all of the Company's assets to, other companies.

In addition, the 2019 Refinancing Agreement includes customary events of default and other provisions that could require all amounts due thereunder to become immediately due and payable, either automatically or at the option of the lenders, if the Company fails to comply with the terms of the 2019 Refinancing Agreement or if other customary events occur.

Furthermore, the 2019 Refinancing Agreement also contains two financial maintenance covenants for the 2019 Refinancing Term Loan, including a requirement to have sufficient collateral coverage of the aggregate outstanding principal amount of the 2019 Term Loans and as of the last day of each month for the total leverage ratio of the Company and its Subsidiaries (the "Total Leverage Ratio") not to exceed an amount beginning at 4.25 to 1.00 through June 30, 2019, and stepping down to 2.00 to 1.00 effective July 1, 2021. From July 1, 2019 through September 30, 2019, the Total Leverage Ratio may not exceed 4.00 to 1.00. As of August 31, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 4.61 to 1.00, which did not meet the 4.00 to 1.00 requirement. This was mainly caused by EBITDA being below forecast in July and August 2019 driven by significant project write-downs and project delays coupled with an outstanding revolver balance of $2.0 million as of August 31, 2019. As of September 30, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 2.85 to 1.00, respectively, each of which were in compliance with the 4.00 to 1.00 requirement. The lender has waived the event of default arising from this noncompliance as of August 31, 2019, while reserving its rights with respect to covenant compliance in future months.

On November 14, 2019, the Company, LFS and LHLLC, with the other guarantors, entered into the Amendment Number One to Financing Agreement and Waiver (the "2019 Refinancing Amendment Number One and Waiver") with the lenders party thereto and Cortland Capital Market Services LLC, as administrative agent. The 2019 Refinancing Amendment Number One and Waiver includes a waiver of the Company's compliance with the Total Leverage Ratio less than or equal to 4.00 to 1.00 for the twelve consecutive fiscal month period ending August 31, 2019.

In connection with the 2019 Refinancing Amendment Number One and Waiver, the parties amended certain provisions of the 2019 Refinancing Agreement, including, among other changes to (i) require commencing October 1, 2019, a 3.00% increase in the interest rate on borrowings under the 2019 Refinancing Agreement; (ii) require the approval of CB and, generally, the lenders representing at least 50.1% of the aggregate undrawn term loan commitment or unpaid principal amount of the term loans, prior to effecting any permitted acquisition; (iii) revise the maximum permitted Total Leverage Ratio, to be between 4.25 to 1.00 and 2.00 to 1.00 for each month beginning October 1, 2019 through the term of the 2019 Refinancing Agreement; and (iv) require the liquidity of the loan parties as of the last day of any fiscal month ending on or after November 30, 2019, of at least $10,000,000. As a condition to executing the 2019 Refinancing Amendment Number One and Waiver, the loan parties will be required to pay a non-refundable waiver fee and a non-refundable amendment fee.

The 2019 Refinancing Agreement contains a post-closing covenant requiring the remediation of the Company's material weakness, as described in Item 9A of its 2018 Annual Report on Form 10-K, no later than December 31, 2020 and to provide updates as to the progress of such remediation, provided that, if such remediation has not been completed on or prior to December 31, 2019, (x) the Company shall be required to pay the post-closing fee pursuant to the terms of the Origination Agent Fee Letter (as defined in the 2019 Financing Agreement) and (y) the applicable margin shall be increased by 1.00 % per annum for the period from January 1, 2020 until the date at which the material weakness is no longer disclosed or required to be disclosed in the Company's SEC filings or audited financial statements of the Company or related auditor's reports.

2019 Refinancing Agreement – CB Warrants

In connection with the 2019 Refinancing Agreement, on the Refinancing Closing Date, the Company issued to CB and the other lenders under the 2019 Refinancing Agreement warrants (the "CB Warrants") to purchase up to a maximum of 263,314 shares of the Company's common stock at an exercise price of $7.63 per share subject to certain adjustments, including for stock dividends, stock splits or reclassifications. The actual number of shares of common stock into which the CB Warrants will be exercisable at any given time will be equal to: (i) the product of (x) the number of shares equal to 2% of the Company's issued and outstanding shares of common stock on the Refinancing Closing Date on a fully diluted basis and (y) the percentage of the total 2019 Delayed Draw Term Loan made as of the exercise date, minus (ii) the number of shares previously issued under the CB Warrants. As of the Refinancing Closing Date, no amounts had been drawn on the 2019 Delayed Draw Term Loan, so no portion of the CB Warrants were exercisable. The CB Warrants may be exercised for cash or on a "cashless basis," subject to certain adjustments, at any time after the Refinancing Closing Date until the expiration of such warrant at 5:00 p.m., New York time, on the earlier of (i) the five (5) year anniversary of the Refinancing Closing Date, or (ii) the liquidation of the Company.

2019 ABL Credit Agreement

On the Refinancing Closing Date, LFS also entered into a financing agreement with the lenders thereto and Citizens Bank, N.A., as collateral agent, administrative agent and origination agent (the "2019 ABL Credit Agreement" and, together with the 2019 Refinancing Agreement, the "Refinancing Agreements"). The 2019 ABL Credit Agreement consists of a $15.0 million revolving credit facility (the "2019 Revolving Credit Facility"). Proceeds of the 2019 Revolving Credit Facility may be used for general corporate purposes. Upon the Refinancing Closing Date, the Company had nothing drawn on the ABL Credit Agreement and $14.0 million of available borrowing capacity thereunder (net of a $1.0 million reserve imposed by the lender).

The Borrowers and Guarantors under the 2019 ABL Credit Agreement are the same as under the 2019 Refinancing Agreement.

The 2019 ABL Credit Agreement is secured by a second-priority lien on the real property of the Loan Parties (behind the 2019 Refinancing Agreement) and a first-priority lien on substantially all other assets of the Loan Parties.

2019 ABL Credit Agreement – Interest Rates and Fees

The interest rate on borrowings under the 2019 ABL Credit Agreement is, at the Borrowers' option, either LIBOR (with a 2.0% floor) plus an applicable margin ranging from 3.00% to 3.50% or a base rate (with a 3.0% minimum) plus an applicable margin ranging from 2.00% to 2.50%.

2019 ABL Credit Agreement – Other Terms and Conditions

The 2019 ABL Credit Agreement matures on April 12, 2022. There is an unused line fee ranging from 0.250% to 0.375% per annum on undrawn amounts.

The 2019 ABL Credit Agreement contains representations and warranties, and covenants which are customary for debt facilities of this type. Unless the Required Lenders otherwise consent in writing, the covenants limit the ability of the Company and its restricted subsidiaries to, among other things, to (i) incur additional indebtedness or issue preferred stock, (ii) pay dividends or make distributions to the Company's stockholders, (iii) purchase or redeem the Company's equity interests, (iv) make investments, (v) create liens on their assets, (vi) enter into transactions with the Company's affiliates, (vii) sell assets and (viii) merge or consolidate with, or dispose of substantially all of the Company's assets to, other companies.

The 2019 ABL Credit Agreement includes customary events of default and other provisions that could require all amounts due thereunder to become immediately due and payable, either automatically or at the option of the lenders, if the Company fails to comply with the terms of the 2019 ABL Credit Agreement or if other customary events occur.

The 2019 ABL Credit Agreement also contains a financial maintenance covenant for the 2019 Revolving Credit Facility, which is a requirement for the Total Leverage Ratio of the Company and its Subsidiaries as of the last day of each month not to exceed an amount beginning at 4.00 to 1.00 through September 30, 2019, and stepping down to 1.75 to 1.00 effective July 1, 2021. As of August 31, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 4.61 to 1.00, which did not meet the 4.00 to 1.00 requirement. As of September 30, 2019, the Company's Total Leverage Ratio for the preceding twelve consecutive fiscal month period was 2.85 to 1.00, which was in compliance with the 4.00 to 1.00 requirement. The lender has waived the event of default arising from this noncompliance as of August 31, 2019, while reserving its rights with respect to covenant compliance in future months.

On November 14, 2019, the Company, LFS and LHLLC, with the other guarantors, entered into the Amendment Number One to ABL Financing Agreement and Waiver (the "2019 ABL Credit Amendment Number One and Waiver") with the lenders party thereto and Citizens Bank, N.A., as collateral agent and administrative agent. The 2019 ABL Credit Amendment Number One and Waiver includes a waiver of the Company's compliance with the Total Leverage Ratio less than or equal to 4.00 to 1.00 for the twelve consecutive fiscal month period ending August 31, 2019.

In connection with the 2019 ABL Credit Amendment Number One and Waiver, the parties amended certain provisions of the 2019 ABL Credit Agreement, including, among other changes to (i) require the approval of the origination agent and, generally, the lenders representing at least 50.1% of the aggregate undrawn revolving loan commitment or unpaid principal amount of the term loans, prior to effecting any permitted acquisition; (ii) revise the maximum permitted Total Leverage Ratio, starting at 3.30 to 1.00 on October 1, 2019 with a peak ratio of 4.25 during March 2020 along with varying monthly rates culminating in the lowest Total Leverage Ratio of 2.00 to 1.00 on April 1, 2021 through the term of the 2019 ABL Credit Agreement; and (iii) require the Loan Parties Liquidity as of the last day of any fiscal month ending on or after November 30, 2019, of at least $10,000,000. As a condition to executing the 2019 ABL Credit Amendment Number One and Waiver, the loan parties will be required to pay a non-refundable waiver fee of $7,500.

As of September 30, 2019, the Company was not in compliance with the financial and other covenants related to the 2019 Refinancing Agreement. At September 30, 2019, the Company had irrevocable letters of credit in the amount of $4.2 million with its lender to secure obligations under its self-insurance program.

For further information on the Company's obligations under the Credit Agreement and the Refinancing Agreements, see also Note 7 – Debt in the Notes to Condensed Consolidated Financial Statements.

Surety Bonding

In connection with our business, we are occasionally required to provide various types of surety bonds that provide an additional measure of security to our customers for our performance under certain government and private sector contracts. Our ability to obtain surety bonds depends upon our capitalization, working capital, past performance, management expertise and external factors, including the capacity of the overall surety market. Surety companies consider such factors in light of the amount of our backlog that we have currently bonded and their current underwriting standards, which may change from time to time. The bonds we provide typically reflect the project's total contract value. As of September 30, 2019 and December 31, 2018, the Company had approximately $103.1 million and $134.2 million, respectively, in surety bonds outstanding. We believe that our $700 million bonding capacity provides us with a significant competitive advantage relative to many of our competitors which have limited bonding capacity.

Overall Liquidity Assessment

Management believes that the Refinancing Agreements will provide sufficient working capital funding to sustain our operations for at least the next twelve months. As of the date of the issuance of the accompanying condensed consolidated financial statements, management further believes that the combination of our current cash position, our projected cash flow to be received from existing and new customers, our positive working capital, our significant bonding capacity, and our availability under the 2019 Refinancing Agreements, will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months.

Additionally, we expect that certain non-cash items, our net operating loss carryforwards and certain additional temporary differences between book and tax basis will mitigate our cash outflows until such items are completely utilized, and therefore add to liquidity in the near term.

Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support it. Our capital expenditures in future periods are expected to grow in line with our business. To the extent that existing cash and cash from operations are not sufficient to fund our future operations, we may need to raise additional funds through public or private equity or additional debt financing. Although we currently are not a party to any agreement with any third parties with respect to potential investments in, or acquisitions of, businesses, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

Insurance and Self-Insurance

We purchase workers' compensation and general liability insurance under policies with per-incident deductibles of $250,000 per occurrence. Losses incurred over primary policy limits are covered by umbrella and excess policies up to specified limits with multiple excess insurers. We accrue for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the Condensed Consolidated Balance Sheets as current and non-current liabilities. The liability is computed by determining a reserve for each reported claim on a case-by-case basis based on the nature of the claim and historical loss experience for similar claims plus an allowance for the cost of incurred but not reported claims. The current portion of the liability is included in accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets. The non-current portion of the liability is included in other long-term liabilities on the Condensed Consolidated Balance Sheets.

We are self-insured related to medical and dental claims under policies with annual per-claimant and annual aggregate stop-loss limits. We accrue for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the Condensed Consolidated Balance Sheets as a current liability in accrued expenses and other current liabilities.

The components of the self-insurance liability are reflected below as of September 30, 2019 and December 31, 2018:

(in thousands)	As of September 30, 2019	As of December 31, 2018
Current liability – workers' compensation and general liability	$ 647	$ 352
Current liability – medical and dental	688	607
Non-current liability	611	820
Total liability	$ 1,946	$ 1,779
Restricted cash	$ 113	$ 113

The restricted cash balance represents cash set aside for the funding of workers' compensation and general liability insurance claims. This amount is replenished when depleted, or at the beginning of each month.

Multiemployer Pension Plans

We participate in approximately 40 multiemployer pension plans ("MEPPs") that provide retirement benefits to certain union employees in accordance with various collective bargaining agreements ("CBAs"). As one of many participating employers in these MEPPs, we are responsible with the other participating employers for any plan underfunding. Our contributions to a particular MEPP are established by the applicable CBAs; however, required contributions may increase based on the funded status of a MEPP and legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact funded status of a MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions and the utilization of extended amortization provisions. Assets contributed to the MEPPs by us may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to a MEPP, the unfunded obligations of the MEPP may be borne by the remaining participating employers.

A FIP or RP requires a particular MEPP to adopt measures to correct its underfunding status. These measures may include, but are not limited to an increase in a company's contribution rate as a signatory to the applicable CBA, or changes to the benefits paid to retirees. In addition, the PPA requires that a 5.0% surcharge be levied on employer contributions for the first year commencing shortly after the date the employer receives notice that the MEPP is in critical status and a 10.0% surcharge on each succeeding year until a CBA is in place with terms and conditions consistent with the RP.

We could also be obligated to make payments to MEPPs if we either cease to have an obligation to contribute to the MEPP or significantly reduce our contributions to the MEPP because we reduce the number of employees who are covered by the relevant MEPP for various reasons, including, but not limited to, layoffs or closure of a subsidiary assuming the MEPP has unfunded vested benefits. The amount of such payments (known as a complete or partial withdrawal liability) would equal our proportionate share of the MEPPs' unfunded vested benefits. We believe that certain of the MEPPs in which we participate may have unfunded vested benefits. Due to uncertainty regarding future factors that could trigger withdrawal liability, we are unable to determine (a) the amount and timing of any future withdrawal liability, if any, and (b) whether our participation in these MEPPs could have a material adverse impact on our financial condition, results of operations or liquidity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act; therefore, pursuant to Item 301(c) of Regulation S-K, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation as of September 30, 2019, our Chief Executive Officer and Chief Financial Officer concluded that our Company's disclosure controls and procedures were not effective due to a material weakness in our internal controls over financial reporting, which was reported in our Annual Report on Form 10-K for the year ended December 31, 2018. Specifically, our monthly project reviews and our reviews of work-in-process schedules did not operate effectively to properly identify project claim and pending change order ("PCO") situations, thereby resulting in improper and untimely accounting for these issues.

In light of the foregoing material weakness in internal control over financial reporting, we continued to perform additional analyses at the branch and corporate levels to ensure that our financial statements were prepared in accordance with GAAP. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations, changes in stockholders' equity and cash flows for the periods presented.

Changes in Internal Control over Financial Reporting

The Company is committed to remediating the underlying causes of this material weakness by implementing improvements to our controls and procedures. In addressing the material weakness, the Company, with the oversight of senior management, implemented the following steps to improve internal controls over its project accounting during the third quarter of 2019:

- Hired additional personnel to assist with cost and revenue accounting and related projections;
- Continued training of branch financial management and operational personnel;
- Continued to refine the Company's related process and controls relative to project tracking and accounting, including the creation of a new control to reconcile work-in-process schedules with monthly project reviews; and
- Continued testing and monitoring of controls designed to remediate the material weakness.

Except with respect to the changes discussed immediately above, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the three months ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II

Item 1. Legal Proceedings

Scherer Litigation

On May 16, 2017, plaintiffs, Jordan M. Scherer et al., filed a complaint in State Court in Hillsborough County, Florida, against our wholly owned subsidiaries, LFS and Harper Limbach LLC ("Harper"). The complaint alleged that a Harper employee was in the course and scope of his employment at the time the personal car he was operating collided with another car, causing injuries to three persons and one fatality. During the course of the litigation, the plaintiffs made settlement demands within LFS and Harper's insurance coverage limits. In October 2018, Plaintiffs agreed to settle and dismiss their lawsuit in exchange for payment of $30.0 million from LFS and Harper, which amounts were entirely paid by the Company's insurance carriers during February 2019. The Company had no monetary exposure, including for punitive damages. This matter was dismissed on April 28, 2019.

Item 1A. Risk Factors

There have been no material changes to our risk factors previously disclosed in Part I, Item 1A of our 2018 Annual Report on Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

The information below is reported in lieu of information that would be reported under Items 1 and 2.03 under Form 8-K.

Amendment Number One to 2019 Refinancing Agreement and Waiver

On November 14, 2019, the Company, LFS and LHLLC, with the other lenders and guarantors, entered into the Amendment Number One to Financing Agreement and Waiver (the "2019 Refinancing Amendment Number One and Waiver") with the lenders party thereto and Cortland Capital Market Services LLC, as collateral agent and administrative agent. The 2019 Refinancing Amendment Number One and Waiver includes a waiver of the Company's compliance with the Total Leverage Ratio less than or equal to 4.00 to 1.00 for the twelve consecutive fiscal month period ending August 31, 2019.

In connection with the 2019 Refinancing Amendment Number One and Waiver, the parties amended certain provisions of the 2019 Refinancing Agreement, including, among other changes to (i) require commencing October 1, 2019, a 3.00% increase in the interest rate on borrowings under the 2019 Refinancing Agreement; (ii) require the approval of CB and, generally, the lenders representing at least 50.1% of the aggregate undrawn term loan commitment or unpaid principal amount of the term loans, prior to effecting any permitted acquisition; (iii) revise the maximum permitted Total Leverage Ratio, starting at 3.30 to 1.00 on October 1, 2019 with a peak ratio of 4.25 during March 2020 along with varying monthly rates culminating in the lowest Total Leverage Ratio of 2.00 to 1.00 on April 1, 2021 through the term of the 2019 Refinancing Agreement; and (iv) require the liquidity of the loan parties, which is generally calculated by adding (a) unrestricted cash on hand of the Loan Parties maintained in deposit accounts subject to control agreements granting control to the collateral agent for the 2019 ABL Credit Agreement, to (b) the difference between (1) the lesser of (x) $15.0 million, as adjusted from time to time, and (y) 75% of certain customer accounts resulting from the sale of goods or services in the ordinary course of business minus certain reserves established by the Administrative Agent and (2) the sum of (x) the outstanding principal balance of all revolving loans under the 2019 ABL Credit Agreement plus (y) the aggregate undrawn available amount of all letters of credit then outstanding plus the amount of any obligations that arise from any draw against any letter of credit that have not been reimbursed by the borrowers or funded with a revolving loan under the 2019 ABL Credit Agreement (the "Loan Parties Liquidity"), as of the last day of any fiscal month ending on or after November 30, 2019, of at least $10,000,000. As a condition to executing the 2019 Refinancing Amendment Number One and Waiver, the loan parties will be required to pay a non-refundable waiver fee of $400,000 and a non-refundable amendment fee of $1,000,000 (the "PIK First Amendment Fee", which shall be paid in kind by adding the PIK First Amendment Fee to the outstanding principal amount of the term loan under the 2019 Refinancing Agreement as additional principal obligations thereunder on and as of the effective date 2019 Refinancing Amendment Number One and Waiver).

Amendment Number One to 2019 ABL Credit Agreement and Waiver

On November 14, 2019, the Company, LFS and LHLLC, with the other lenders and guarantors, entered into the Amendment Number One to ABL Financing Agreement and Waiver (the "2019 ABL Credit Amendment Number One and Waiver") with the lenders party thereto and Citizens Bank, N.A., as collateral agent and administrative agent. The 2019 ABL Credit Amendment Number One and Waiver includes a waiver of the Company's compliance with the Total Leverage Ratio less than or equal to 4.00 to 1.00 for the twelve consecutive fiscal month period ending August 31, 2019.

In connection with the 2019 ABL Credit Amendment Number One and Waiver, the parties amended certain provisions of the 2019 ABL Credit Agreement, including, among other changes to (i) require the approval of the origination agent and, generally, the lenders representing at least 50.1% of the aggregate undrawn revolving loan commitment or unpaid principal amount of the term loans, prior to effecting any permitted acquisition; (ii) revise the maximum permitted Total Leverage Ratio, starting at 3.30 to 1.00 on October 1, 2019 with a peak ratio of 4.25 during March 2020 along with varying monthly rates culminating in the lowest Total Leverage Ratio of 2.00 to 1.00 on April 1, 2021 through the term of the 2019 ABL Credit Agreement; and (iii) require the Loan Parties Liquidity, as of the last day of any fiscal month ending on or after November 30, 2019, of at least $10,000,000. As a condition to executing the 2019 ABL Credit Amendment Number One and Waiver, the loan parties will be required to pay a non-refundable waiver fee of $7,500.

The Company qualifies the foregoing description of the 2019 Refinancing Amendment Number One and Waiver and 2019 ABL Credit Amendment Number One and Waiver in its entirety by reference to the full text of such agreements, which are filed as Exhibit 10.2 and 10.3, respectively, to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

Exhibit	Description
10.1	Offer Letter, dated September 29, 2019, between the Company and Jayme Brooks. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 001-36541) filed with the U.S. Securities and Exchange Commission on September 30, 2019).
10.2	Amendment Number One to Financing Agreement and Waiver, dated November 14, 2019, by and among Limbach Holdings, Inc., Limbach Holdings LLC, Limbach Facility Services LLC, the other Guarantors party thereto, the Lenders party thereto and Cortland Capital Market Services LLC, as Collateral Agent and Administrative Agent.
10.3	Amendment Number One to ABL Financing Agreement and Waiver, dated November 14, 2019, by and among Limbach Holdings, Inc., Limbach Holdings LLC, Limbach Facility Services LLC, the other Guarantors party thereto, the Lenders party thereto and Citizens Bank, N.A., as Collateral Agent and Administrative Agent.
31.1	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Document.

SIGNATURES

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

LIMBACH HOLDINGS, INC.

/s/ Charles A. Bacon, III
Charles A. Bacon, III
Chief Executive Officer
(Principal Executive Officer)

/s/ Jayme L. Brooks
Jayme L. Brooks
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 14, 2019

Exhibit 10.2

AMENDMENT NUMBER ONE
TO FINANCING AGREEMENT AND WAIVER

This **AMENDMENT NUMBER ONE TO FINANCING AGREEMENT AND WAIVER** (this "Amendment"), dated as of November 14, 2019, is entered into by and among **LIMBACH HOLDINGS, INC.**, a Delaware corporation ("Ultimate Parent"), **LIMBACH HOLDINGS LLC**, a Delaware limited liability company ("Parent"), **LIMBACH FACILITY SERVICES LLC**, a Delaware limited liability company ("Limbach"), each subsidiary of Limbach party as a "Borrower" to the below-defined Financing Agreement (together with Limbach, each a "Borrower" and collectively, jointly and severally, the "Borrowers"), each subsidiary of Ultimate Parent party as a "Guarantor" to the below defined Financing Agreement (together with Ultimate Parent and Parent, each a "Guarantor" and collectively, jointly and severally, the "Guarantors"), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Financing Agreement, together with their respective successors and permitted assigns, each individually, a "Lender", and collectively, the "Lenders"), **CORTLAND CAPITAL MARKET SERVICES LLC** ("Cortland"), as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), Cortland, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent"), and **CB AGENT SERVICES LLC**, as origination agent for the Lenders (in such capacity, together with its successors and permitted assigns in such capacity, the "Origination Agent" and together with the Collateral Agent and the Administrative Agent, each an "Agent" and collectively, the "Agents"), and in light of the following:

W I T N E S S E T H

WHEREAS, the Borrowers, the Guarantors, the Lenders, and the Agents are parties to that certain Financing Agreement, dated as of April 12, 2019 (as amended, restated, supplemented, or otherwise modified from time to time, the "Financing Agreement");

WHEREAS, the Borrowers have informed the Agents and the Lenders that an Event of Default has occurred and is continuing under Section 9.01(c) of the Financing Agreement as a result of the Loan Parties' failure to comply with Section 7.03(b) of the Financing Agreement due to failure to maintain a Total Leverage Ratio of Ultimate Parent and its Subsidiaries less than or equal to 4.00 to 1.00 for the twelve (12) consecutive fiscal month period ending August 31, 2019 (the "Designated Event of Default");

WHEREAS, the Borrowers have requested that the Agents and the Required Lenders make certain amendments to the Financing Agreement and waive the Designated Event of Default; and

WHEREAS, upon the terms and conditions set forth herein, the Agents and the Required Lenders are willing to make certain amendments to the Financing Agreement and waive the Designated Event of Default.

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

1. Defined Terms. All initially capitalized terms used herein (including the preamble and recitals hereof) without definition shall have the meanings ascribed thereto in the Financing Agreement.

2. Amendments to Financing Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Financing Agreement shall be amended as follows:

(a) Section 1.01 of the Financing Agreement is hereby amended by adding the following defined terms in appropriate alphabetical order:

"First Amendment" means that certain Amendment Number One to Financing Agreement and Waiver, dated as of November 14, 2019, by and among the Loan Parties, the Agents, and the Lenders party thereto.

"First Amendment Effective Date" means the "Amendment Effective Date" as such term is defined in the First Amendment.

"First Amendment Fee Letter" means that certain Amendment Fee Letter, dated as of November 14, 2019, by and among the Loan Parties and the Origination Agent.

"PIK First Amendment Fee" means the "PIK First Amendment Fee" as such term is defined in the First Amendment Fee Letter.

(b) Section 1.01 of the Financing Agreement is hereby amended, with such amendment to be effective as of October 1, 2019, by amending and restating each of the following defined terms in their entirety as follows:

"Applicable Margin" means, as of any date of determination, with respect to the interest rate of (a) any Reference Rate Loan or any portion thereof, 10.00% per annum, and (b) any LIBOR Rate Loan or any portion thereof, 11.00% per annum, in each case, as such rates may be increased pursuant to Section 7.01(r)(i).

(c) Section 1.01 of the Financing Agreement is hereby amended by amending and restating each of the following defined terms in their entirety as follows:

"Increased Reporting Event" means the occurrence of an Event of Default.

"Increased Reporting Period" means either (a) a period commencing upon the occurrence of an Increased Reporting Event and continuing until the date when no Increased Reporting Event has existed for ninety (90) consecutive days or (b) any other period designated as an "Increased Reporting Period" by either the Origination Agent or the Required Lenders.

"Total Funded Debt" means, at any time the same is to be determined, the sum (but without duplication) of all Indebtedness (including obligations in respect of letters of credit, whether or not representing obligations for borrowed money) of Ultimate Parent and its Subsidiaries at such time determined on a consolidated basis in accordance with GAAP, but excluding (i) Indebtedness in respect of the Bonding Agreements, (ii) Indebtedness in respect of the Existing Letters of Credit to the extent cash collateralized as permitted under clause (p) of the definition of Permitted Liens, and (iii) at any time on and prior to December 31, 2020, the PIK First Amendment Fee.

(d) Section 1.01 of the Financing Agreement is hereby amended by amending and restating clause (a) of the definition of "Applicable Premium Trigger Event" in its entirety as follows:

"(a) any payment or prepayment by any Loan Party of all, or any part, of the principal balance of any Term Loan for any reason (including, without limitation, any optional prepayment or mandatory prepayment (other than (x) any mandatory prepayment required under Section 2.05(c)(i) or (iii) or (y) any prepayment of the portion of the principal balance of the Term Loan attributable to the PIK First Amendment Fee) whether before or after (i) the occurrence of an Event of Default, or (ii) the commencement of any Insolvency Proceeding, and notwithstanding any acceleration (for any reason) of the Obligations;"

(e) Section 1.01 of the Financing Agreement is hereby amended by (i) deleting the word "and" at the end of clause (e) of the definition of "Consolidated EBITDA" and (ii) adding the new following clauses (g) and (h) immediately following clause (f) of such definition:

"(g) transaction expenses paid on or before the date that is sixty (60) days after the First Amendment Effective Date in connection with the transactions contemplated by the First Amendment in an aggregate amount not to exceed $100,000, and (h) restructuring charges incurred during the period commencing on the date that is sixty (60) days prior to the First Amendment Effective Date and ending on the date that is sixty (60) days after the First Amendment Effective Date in an aggregate amount not to exceed $1,100,000,"

(f) Section 1.01 of the Financing Agreement is hereby amended by amending and restating clause (a) in the final sentence of the definition of "Obligations" in its entirety as follows:

"(a) the obligation (irrespective of whether a claim therefor is allowed in an Insolvency Proceeding) to pay principal (including the PIK First Amendment Fee), interest, charges, expenses, fees, premiums (including the Applicable Premium, the Post-Closing Fee and the Specified Fee), attorneys' fees and disbursements, indemnities and other amounts payable by such Person under the Loan Documents,"

(g) Section 1.01 of the Financing Agreement is hereby amended by (i) deleting the word "and" at the end of clause (j) of the definition of "Permitted Acquisition," (ii) substituting "; and" in lieu of the period at the end of clause (k) of such definition, and (iii) adding the new following clause (l) immediately following clause (k) of such definition:

"(l) the Origination Agent and the Required Lenders shall have consented to such Acquisition."

(h) Section 7.03(b) of the Financing Agreement is hereby amended and restated in its entirety as follows:

"(b) Total Leverage Ratio. Permit the Total Leverage Ratio of Ultimate Parent and its Subsidiaries as of the last day of any period of twelve (12) consecutive fiscal months, ending with the last day of each month ending during the periods set forth below, to exceed the ratio set forth opposite such period:

Fiscal Months Ending During	Total Leverage Ratio
October 1, 2019 through October 31, 2019	3.30 to 1.00
November 1, 2019 through November 30, 2019	3.65 to 1.00
December 1, 2019 through December 31, 2019	3.40 to 1.00
January 1, 2020 through January 31, 2020	3.45 to 1.00
February 1, 2020 through February 29, 2020	3.55 to 1.00
March 1, 2020 through March 31, 2020	4.25 to 1.00
April 1, 2020 through April 30, 2020	4.10 to 1.00
May 1, 2020 through May 31, 2020	3.70 to 1.00
June 1, 2020 through June 30, 2020	3.50 to 1.00
July 1, 2020 through August 31, 2020	3.40 to 1.00
September 1, 2020 through September 30, 2020	3.00 to 1.00
October 1, 2020 through November 30, 2020	3.10 to 1.00
December 1, 2020 through March 31, 2021	2.55 to 1.00
April 1, 2021 and thereafter	2.00 to 1.00"

(i) Section 7.03 of the Financing Agreement is hereby amended by adding subsection (c) after Section 7.03(b) as follows:

"(c) Minimum Liquidity. Permit Liquidity, as of the last day of any fiscal month ending on or after November 30, 2019, to be less than $10,000,000."

3. Waiver of Designated Event of Default The provisions of the Financing Agreement and the other Loan Documents to the contrary notwithstanding, subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Agents and the Required Lenders hereby waive the Designated Event of Default; provided, that nothing herein, nor any communications among any Loan Party, any Agent, or any Lender, shall be deemed a waiver with respect to any Events of Default (other than the Designated Event of Default), or any future failure of any Loan Party to comply fully with any provision of the Financing Agreement or any provision of any other Loan Document, and in no event shall this waiver be deemed to be a waiver of enforcement of any of any Agent's or Lenders' rights or remedies under the Financing Agreement and the other Loan Documents, at law (including under the UCC), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.01 of the Financing Agreement, with respect to any other Defaults or Events of Default now existing or hereafter arising. Except as expressly provided herein, each Agent and each Lender hereby reserves and preserves all of its rights and remedies against each Loan Party under the Financing Agreement and the other Loan Documents, at law (including under the UCC), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.01 of the Financing Agreement.

4. Conditions Precedent to Amendment. The satisfaction of each of the following shall constitute conditions precedent to the effectiveness of the Amendment (such date being the "Amendment Effective Date"):

(a) The Administrative Agent and the Origination Agent shall have received this Amendment, duly executed by the parties hereto, and the same shall be in full force and effect.

(b) The Administrative Agent and the Origination Agent shall have received a copy of an amendment to the Revolving Facility Agreement, in form and substance satisfactory to the Administrative Agent and the Origination Agent, duly executed and delivered by the parties thereto, and such document shall be in full force and effect as of the Amendment Effective Date, together with a certificate of the Secretary of Ultimate Parent certifying such document as being a true and correct copy thereof.

(c) The Administrative Agent and the Origination Agent shall have received that certain Amendment Number One Fee Letter, in form and substance satisfactory to the Origination Agent, by and among the Loan Parties and the Origination Agent (the "Amendment Fee Letter").

(d) After giving effect to this Amendment, the representations and warranties contained herein, in Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered to any Secured Party pursuant hereto or thereto on or prior to the Amendment Effective Date, in each case, shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that are already qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the date hereof as though made on and as of such date, except to the extent that such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date).

(e) No Default or Event of Default shall have occurred and be continuing as of the Amendment Effective Date (after giving effect to the waiver of the Designated Event of Default provided herein), nor shall either result from the consummation of the transactions contemplated herein.

(f) The Origination Agent shall have received, in immediately available funds, the fees set forth in the Amendment Fee Letter.

(g) All other documents and legal matters in connection with the transactions contemplated by this Amendment shall have been delivered, executed, or recorded and shall be in form and substance reasonably satisfactory to the Administrative Agent and the Origination Agent.

5. Representations and Warranties. Each Borrower and each Guarantor hereby represents and warrants to the Secured Parties as follows:

(a) It (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) has all requite power and authority to conduct its business as now conducted and as presently contemplated, (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business such qualification necessary, except (solely for the purposes of this subclause (iii)) where the failure to be so qualified and in good standing could not reasonably be expected to result in a Material Adverse Effect.

(b) The execution, delivery, and performance by it of this Amendment and the execution, delivery, and performance by it of each Loan Document to which it is or will be a party (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable material Requirement of Law or (C) any material Contractual Obligation binding on or affecting it or any of its properties, (iii) do not and will not result in or require the creation any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties, except, in the case of clause (iv), to the extent where such contravention, default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal could not reasonably be expected to have a Material Adverse Effect.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by it of this Amendment or any other Loan Document to which it is or will be a party.

(d) This Amendment is, and each other Loan Document to which it is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(e) No Default or Event of Default has occurred and is continuing as of the date of the effectiveness of this Amendment, and no condition exists which constitutes a Default or an Event of Default, in each case, after giving effect to the waiver of the Designated Event of Default provided herein.

(f) the representations and warranties contained herein, in Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered to any Secured Party pursuant hereto or thereto on or prior to the Amendment Effective Date, in each case, shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that are already qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the date hereof as though made on and as of such date, except to the extent that such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date).

(g) This Amendment has been entered into without force or duress, of the free will of each Borrower and each Guarantor, and the decision of each Borrower and each Guarantor to enter into this Amendment is a fully informed decision and such Person is aware of all legal and other ramifications of each decision.

(h) It has read and understands this Amendment, has consulted with and been represented by independent legal counsel of its own choosing in negotiations for and the preparation of this Amendment, has read this Amendment in full and final form, and has been advised by its counsel of its rights and obligations hereunder.

6. Payment of Costs and Fees. Borrowers shall pay to each Agent and each Lender all reasonable and documented costs, fees and expenses (including, without limitation, the reasonable fees and expenses of any attorneys retained by any Agent or any Lender) in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto.

7. Release.

(a) Effective on the date hereof, each Loan Party, for itself and on behalf of its successors, assigns, and officers, directors, employees, agents and attorneys, and any Person acting for or on behalf of, or claiming through it, hereby waives, releases, remises and forever discharges each Agent and each Lender, each of their respective Affiliates, and each of their respective successors in title, past, present and future officers, directors, employees, limited partners, general partners, investors, attorneys, assigns, subsidiaries, shareholders, trustees, agents and other professionals and all other persons and entities to whom any member of the Lenders would be liable if such persons or entities were found to be liable to such Loan Party (each a "Releasee" and collectively, the "Releasees"), from any and all past, present and future claims, suits, liens, lawsuits, adverse consequences, amounts paid in settlement, debts, deficiencies, diminution in value, disbursements, demands, obligations, liabilities, causes of action, damages, losses, costs and expenses of any kind or character, whether based in equity, law, contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law (each a "Claim" and collectively, the "Claims"), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, matured or unmatured, foreseen or unforeseen, past or present, liquidated or unliquidated, suspected or unsuspected, which such Loan Party ever had from the beginning of the world to the date of this Amendment, now has, or might hereafter have against any such Releasee which relates, directly or indirectly to the Financing Agreement, any other Loan Document, or to any acts or omissions of any such Releasee with respect to the Financing Agreement or any other Loan Document, or to the lender-borrower relationship evidenced by the Loan Documents, except for the duties and obligations set forth in this Amendment. As to each and every Claim released hereunder, each Loan Party hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

As to each and every Claim released hereunder, each Loan Party also waives the benefit of each other similar provision of applicable federal or state law (including without limitation the laws of the state of New York), if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

Each Loan Party acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such Claims and agrees that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(b) Each Loan Party, for itself and on behalf of its successors, assigns, and officers, directors, employees, agents and attorneys, and any Person acting for or on behalf of, or claiming through it, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by such Person pursuant to the above release. Each Loan Party further agrees that it shall not dispute the validity or enforceability of the Financing Agreement or any of the other Loan Documents or any of its obligations thereunder, or the validity, priority, enforceability or the extent of Collateral Agent's Lien on any item of Collateral under the Financing Agreement or the other Loan Documents. If any Loan Party or any of their respective successors, assigns, or officers, directors, employees, agents or attorneys, or any Person acting for or on behalf of, or claiming through it violate the foregoing covenant, such Person, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by such Releasee as a result of such violation.

8. GOVERNING LAW; CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE; WAIVER OF JURY TRIAL, ETC. THIS AMENDMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING GOVERNING LAW, CONSENT TO JURISDICTION, SERVICE OF PROCESS AND VENUE, AND WAIVER OF JURY TRIAL, ETC. SET FORTH IN SECTIONS 12.09 THROUGH 12.11 OF THE FINANCING AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

9. Amendments. This Amendment cannot be altered, amended, changed or modified in any respect except in accordance with Section 12.02 of the Financing Agreement.

10. Counterpart Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

11. Effect on Loan Documents.

(a) The Financing Agreement, as amended hereby, and each of the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of any Agent or any Lender under the Financing Agreement or any other Loan Document. Except for the amendments to the Financing Agreement expressly set forth herein, the Financing Agreement and the other Loan Documents shall remain unchanged and in full force and effect. The waivers, consents and modifications set forth herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are based, shall neither excuse any future non-compliance with the Loan Documents nor operate as a waiver of any Default or Event of Default (other than the Designated Event of Default), shall not operate as a consent to any further waiver, consent or amendment or other matter under the Loan Documents, and shall not be construed as an indication that any future waiver or amendment of covenants or any other provision of the Financing Agreement will be agreed to, it being understood that the granting or denying of any waiver or amendment which may hereafter be requested by Borrowers remains in the sole and absolute discretion of the Agents and Lenders. To the extent that any terms or provisions of this Amendment conflict with those of the Financing Agreement or the other Loan Documents, the terms and provisions of this Amendment shall control.

(b) Upon and after the effectiveness of this Amendment, each reference in the Financing Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Financing Agreement, and each reference in the other Loan Documents to "the Financing Agreement", "thereunder", "therein", "thereof" or words of like import referring to the Financing Agreement, shall mean and be a reference to the Financing Agreement as modified and amended hereby.

(c) To the extent that any of the terms and conditions in any of the Loan Documents shall contradict or be in conflict with any of the terms or conditions of the Financing Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Financing Agreement as modified or amended hereby.

(d) This Amendment is a Loan Document.

12. Entire Agreement. This Amendment, and the terms and provisions hereof, the Financing Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersede any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

13. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

14. Reaffirmation of Obligations. Each Loan Party hereby (a) acknowledges and reaffirms its obligations owing to the Agents, the Lenders and the other Secured Parties under each Loan Document to which it is a party, and (b) agrees that each of the Loan Documents to which it is a party is and shall remain in full force and effect. Each Loan Party hereby (i) further ratifies and reaffirms the validity and enforceability of all of the Liens and security interests heretofore granted, pursuant to and in connection with the Security Agreement or any other Loan Document to the Collateral Agent, on behalf and for the benefit of the Secured Parties, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and (ii) acknowledges that all of such Liens and security interests, and all Collateral heretofore pledged as security for such obligations, continue to be and remain collateral for such obligations from and after the date hereof (including, without limitation, from after giving effect to this Amendment).

15. Ratification. Each Loan Party hereby restates, ratifies and reaffirms each and every term and condition set forth in the Financing Agreement and the Loan Documents effective as of the date hereof and as modified hereby.

16. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

Borrowers:

LIMBACH FACILITY SERVICES LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

LIMBACH COMPANY LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

LIMBACH COMPANY LP,
a Delaware limited partnership

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

HARPER LIMBACH LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

HARPER LIMBACH CONSTRUCTION LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

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Guarantors:

LIMBACH HOLDINGS, INC.,
a Delaware corporation

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

LIMBACH HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

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Administrative Agent and Collateral Agent:

CORTLAND CAPITAL MARKET SERVICES LLC

By: /s/ Emily Ergang Pappas
Name: Emily Ergang Pappas
Title: Associate Counsel

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Origination Agent:

CB AGENT SERVICES LLC

By: /s/ Morris Beyda
Name: Morris Beyda
Title: Partner & COO

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Lender:

CM FINANCE SPV LTD.

By: /s/ Rocco DelGuercio
Name: Rocco DelGuercio
Title: Chief Financial Officer

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Lender:

CSL HOLDINGS TRUST II

By: Colbeck Capital Management, LLC, its investment manager
Name: Baabur Khondker
Title: Chief Financial Officer

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Lender:

FS GLOBAL CREDIT OPPORTUNITIES FUND

By: FS Global Advisor, LLC, its investment advisor

By: /s/ Andrew Beckman
Name: Andrew Beckman
Title: Portfolio Manager

[*Signature Page to Amendment Number One to Financing Agreement*]

Exhibit 10.3

AMENDMENT NUMBER ONE
TO ABL FINANCING AGREEMENT AND WAIVER

This **AMENDMENT NUMBER ONE TO ABL FINANCING AGREEMENT AND WAIVER** (this "Amendment"), dated as of November 14, 2019, is entered into by and among **LIMBACH HOLDINGS, INC.**, a Delaware corporation ("Ultimate Parent"), **LIMBACH HOLDINGS LLC**, a Delaware limited liability company ("Parent"), **LIMBACH FACILITY SERVICES LLC**, a Delaware limited liability company ("Limbach"), each subsidiary of Limbach party as a "Borrower" to the below-defined Financing Agreement (together with Limbach, each a "Borrower" and collectively, jointly and severally, the "Borrowers"), each subsidiary of Ultimate Parent party as a "Guarantor" to the below defined Financing Agreement (together with Ultimate Parent and Parent, each a "Guarantor" and collectively, jointly and severally, the "Guarantors"), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Financing Agreement, together with their respective successors and permitted assigns, each individually, a "Lender", and collectively, the "Lenders"), **CITIZENS BANK, N.A.** ("Citizens Bank"), as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), Citizens Bank, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent"), and Citizens Bank, as origination agent for the Lenders (in such capacity, together with its successors and permitted assigns in such capacity, the "Origination Agent" and together with the Collateral Agent and the Administrative Agent, each an "Agent" and collectively, the "Agents"), and in light of the following:

W I T N E S S E T H

WHEREAS, the Borrowers, the Guarantors, the Lenders, and the Agents are parties to that certain ABL Financing Agreement, dated as of April 12, 2019 (as amended, restated, supplemented, or otherwise modified from time to time, the "Financing Agreement");

WHEREAS, the Borrowers have informed the Agents and the Lenders that an Event of Default has occurred and is continuing under Section 9.01(c) of the Financing Agreement as a result of the Loan Parties' failure to comply with Section 7.03(b) of the Financing Agreement due to failure to maintain a Total Leverage Ratio of Ultimate Parent and its Subsidiaries less than or equal to 4.00 to 1.00 for the twelve (12) consecutive fiscal month period ending August 31, 2019 (the "Designated Event of Default");

WHEREAS, the Borrowers have requested that the Agents and the Required Lenders make certain amendments to the Financing Agreement and waive the Designated Event of Default; and

WHEREAS, upon the terms and conditions set forth herein, the Agents and the Required Lenders are willing to make certain amendments to the Financing Agreement and waive the Designated Event of Default.

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

1. Defined Terms. All initially capitalized terms used herein (including the preamble and recitals hereof) without definition shall have the meanings ascribed thereto in the Financing Agreement.

2. Amendments to Financing Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Financing Agreement shall be amended as follows:

(a) Section 1.01 of the Financing Agreement is hereby amended by adding the following defined terms in appropriate alphabetical order:

"First Amendment" means that certain Amendment Number One to ABL Financing Agreement and Waiver, dated as of November 14, 2019, by and among the Loan Parties, the Agents, and the Lenders party thereto.

"First Amendment Effective Date" means the "Amendment Effective Date" as such term is defined in the First Amendment.

"First Amendment Fee Letter" means that certain Amendment Fee Letter, dated as of November 14, 2019, by and among the Loan Parties and the Origination Agent.

(b) Section 1.01 of the Financing Agreement is hereby amended by (i) deleting the word "and" at the end of clause (e) of the definition of "Consolidated EBITDA" and (ii) adding the new following clauses (g) and (h) immediately following clause (f) of such definition:

"(g) transaction expenses paid on or before the date that is sixty (60) days after the First Amendment Effective Date in connection with the transactions contemplated by the First Amendment in an aggregate amount not to exceed $100,000, and (h) restructuring charges incurred during the period commencing on the date that is sixty (60) days prior to the First Amendment Effective Date and ending on the date that is sixty (60) days after the First Amendment Effective Date in an aggregate amount not to exceed $1,100,000,"

(c) Section 1.01 of the Financing Agreement is hereby amended by amending and restating the following defined term in its entirety as follows:

"Total Funded Debt" means, at any time the same is to be determined, the sum (but without duplication) of all Indebtedness (including obligations in respect of letters of credit, whether or not representing obligations for borrowed money) of Ultimate Parent and its Subsidiaries at such time determined on a consolidated basis in accordance with GAAP, but excluding (i) Indebtedness in respect of the Bonding Agreements, (ii) Indebtedness in respect of the Existing Letters of Credit to the extent cash collateralized as permitted under clause (p) of the definition of Permitted Liens, and (iii) at any time on and prior to December 31, 2020, the PIK First Amendment Fee (as defined in the first amendment to the Term Loan Agreement of even date as the Amendment Effective Date)."

(d) Section 1.01 of the Financing Agreement is hereby amended by (i) deleting the word "and" at the end of clause (j) of the definition of "Permitted Acquisition," (ii) substituting "; and" in lieu of the period at the end of clause (k) of such definition, and (iii) adding the new following clause (l) immediately following clause (k) of such definition:

"(l) the Origination Agent and the Required Lenders shall have consented to such Acquisition."

(e) Section 7.03(b) of the Financing Agreement is hereby amended and restated in its entirety as follows:

"(b) Total Leverage Ratio. Permit the Total Leverage Ratio of Ultimate Parent and its Subsidiaries as of the last day of any period of twelve (12) consecutive fiscal months, ending with the last day of each month ending during the periods set forth below, to exceed the ratio set forth opposite such period:

Fiscal Months Ending During	**Total Leverage Ratio**
October 1, 2019 through October 31, 2019	3.30 to 1.00
November 1, 2019 through November 30, 2019	3.65 to 1.00
December 1, 2019 through December 31, 2019	3.40 to 1.00
January 1, 2020 through January 31, 2020	3.45 to 1.00
February 1, 2020 through February 29, 2020	3.55 to 1.00
March 1, 2020 through March 31, 2020	4.25 to 1.00
April 1, 2020 through April 30, 2020	4.10 to 1.00
May 1, 2020 through May 31, 2020	3.70 to 1.00
June 1, 2020 through June 30, 2020	3.50 to 1.00
July 1, 2020 through August 31, 2020	3.40 to 1.00
September 1, 2020 through September 30, 2020	3.00 to 1.00
October 1, 2020 through November 30, 2020	3.10 to 1.00
December 1, 2020 through March 31, 2021	2.55 to 1.00
April 1, 2021 and thereafter	2.00 to 1.00"

(f) Section 7.03 of the Financing Agreement is hereby amended by adding subsection (c) after Section 7.03(b) as follows:

"(c) Minimum Liquidity. Permit Liquidity, as of the last day of any fiscal month ending on or after November 30, 2019, to be less than $10,000,000."

3. Waiver of Designated Event of Default. The provisions of the Financing Agreement and the other Loan Documents to the contrary notwithstanding, subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Agents and the Required Lenders hereby waive the Designated Event of Default; provided, that nothing herein, nor any communications among any Loan Party, any Agent, or any Lender, shall be deemed a waiver with respect to any Events of Default (other than the Designated Event of Default), or any future failure of any Loan Party to comply fully with any provision of the Financing Agreement or any provision of any other Loan Document, and in no event shall this waiver be deemed to be a waiver of enforcement of any of any Agent's or Lenders' rights or remedies under the Financing Agreement and the other Loan Documents, at law (including under the UCC), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.01 of the Financing Agreement, with respect to any other Defaults or Events of Default now existing or hereafter arising. Except as expressly provided herein, each Agent and each Lender hereby reserves and preserves all of its rights and remedies against each Loan Party under the Financing Agreement and the other Loan Documents, at law (including under the UCC), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.01 of the Financing Agreement.

4. Conditions Precedent to Amendment. The satisfaction of each of the following shall constitute conditions precedent to the effectiveness of the Amendment (such date being the "Amendment Effective Date"):

(a) The Administrative Agent and the Origination Agent shall have received this Amendment, duly executed by the parties hereto, and the same shall be in full force and effect.

(b) The Administrative Agent and the Origination Agent shall have received a copy of an amendment to the Term Loan Agreement, in form and substance satisfactory to the Administrative Agent and the Origination Agent, duly executed and delivered by the parties thereto, and such document shall be in full force and effect as of the Amendment Effective Date, together with a certificate of the Secretary of Ultimate Parent certifying such document as being a true and correct copy thereof.

(c) The Administrative Agent and the Origination Agent shall have received that certain Amendment Number One Fee Letter, in form and substance satisfactory to the Origination Agent, by and among the Loan Parties and the Origination Agent (the "Amendment Fee Letter").

(d) After giving effect to this Amendment, the representations and warranties contained herein, in Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered to any Secured Party pursuant hereto or thereto on or prior to the Amendment Effective Date, in each case, shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that are already qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the date hereof as though made on and as of such date, except to the extent that such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date).

(e) No Default or Event of Default shall have occurred and be continuing as of the Amendment Effective Date (after giving effect to the waiver of the Designated Event of Default provided herein), nor shall either result from the consummation of the transactions contemplated herein.

(f) Borrowers shall pay concurrently with the closing of the transactions evidenced by this Amendment, all fees, costs, expenses and taxes then payable pursuant to the Financing Agreement and Section 6 of this Amendment.

(g) The Origination Agent shall have received, in immediately available funds, the fees set forth in the Amendment Fee Letter.

(h) All other documents and legal matters in connection with the transactions contemplated by this Amendment shall have been delivered, executed, or recorded and shall be in form and substance reasonably satisfactory to the Administrative Agent and the Origination Agent.

5. Representations and Warranties. Each Borrower and each Guarantor hereby represents and warrants to the Secured Parties as follows:

(a) It (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) has all requite power and authority to conduct its business as now conducted and as presently contemplated, (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business such qualification necessary, except (solely for the purposes of this subclause (iii)) where the failure to be so qualified and in good standing could not reasonably be expected to result in a Material Adverse Effect.

(b) The execution, delivery, and performance by it of this Amendment and the execution, delivery, and performance by it of each Loan Document to which it is or will be a party (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable material Requirement of Law or (C) any material Contractual Obligation binding on or affecting it or any of its properties, (iii) do not and will not result in or require the creation any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties, except, in the case of clause (iv), to the extent where such contravention, default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal could not reasonably be expected to have a Material Adverse Effect.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by it of this Amendment or any other Loan Document to which it is or will be a party.

(d) This Amendment is, and each other Loan Document to which it is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(e) No Default or Event of Default has occurred and is continuing as of the date of the effectiveness of this Amendment, and no condition exists which constitutes a Default or an Event of Default, in each case, after giving effect to the waiver of the Designated Event of Default provided herein.

(f) The representations and warranties contained herein, in Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered to any Secured Party pursuant hereto or thereto on or prior to the Amendment Effective Date, in each case, shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that are already qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the date hereof as though made on and as of such date, except to the extent that such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to materiality or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date).

(g) This Amendment has been entered into without force or duress, of the free will of each Borrower and each Guarantor, and the decision of each Borrower and each Guarantor to enter into this Amendment is a fully informed decision and such Person is aware of all legal and other ramifications of each decision.

(h) It has read and understands this Amendment, has consulted with and been represented by independent legal counsel of its own choosing in negotiations for and the preparation of this Amendment, has read this Amendment in full and final form, and has been advised by its counsel of its rights and obligations hereunder.

6. Payment of Costs and Fees. Borrowers shall pay to each Agent and each Lender all reasonable and documented costs, fees and expenses (including, without limitation, the reasonable fees and expenses of any attorneys retained by any Agent or any Lender) in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto.

7. Release.

(a) Effective on the date hereof, each Loan Party, for itself and on behalf of its successors, assigns, and officers, directors, employees, agents and attorneys, and any Person acting for or on behalf of, or claiming through it, hereby waives, releases, remises and forever discharges each Agent and each Lender, each of their respective Affiliates, and each of their respective successors in title, past, present and future officers, directors, employees, limited partners, general partners, investors, attorneys, assigns, subsidiaries, shareholders, trustees, agents and other professionals and all other persons and entities to whom any member of the Lenders would be liable if such persons or entities were found to be liable to such Loan Party (each a "Releasee" and collectively, the "Releasees"), from any and all past, present and future claims, suits, liens, lawsuits, adverse consequences, amounts paid in settlement, debts, deficiencies, diminution in value, disbursements, demands, obligations, liabilities, causes of action, damages, losses, costs and expenses of any kind or character, whether based in equity, law, contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law (each a "Claim" and collectively, the "Claims"), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, matured or unmatured, foreseen or unforeseen, past or present, liquidated or unliquidated, suspected or unsuspected, which such Loan Party ever had from the beginning of the world to the date of this Amendment, now has, or might hereafter have against any such Releasee which relates, directly or indirectly to the Financing Agreement, any other Loan Document, or to any acts or omissions of any such Releasee with respect to the Financing Agreement or any other Loan Document, or to the lender-borrower relationship evidenced by the Loan Documents, except for the duties and obligations set forth in this Amendment. As to each and every Claim released hereunder, each Loan Party hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

As to each and every Claim released hereunder, each Loan Party also waives the benefit of each other similar provision of applicable federal or state law (including without limitation the laws of the state of New York), if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

Each Loan Party acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such Claims and agrees that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(b) Each Loan Party, for itself and on behalf of its successors, assigns, and officers, directors, employees, agents and attorneys, and any Person acting for or on behalf of, or claiming through it, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by such Person pursuant to the above release. Each Loan Party further agrees that it shall not dispute the validity or enforceability of the Financing Agreement or any of the other Loan Documents or any of its obligations thereunder, or the validity, priority, enforceability or the extent of Collateral Agent's Lien on any item of Collateral under the Financing Agreement or the other Loan Documents. If any Loan Party or any of their respective successors, assigns, or officers, directors, employees, agents or attorneys, or any Person acting for or on behalf of, or claiming through it violate the foregoing covenant, such Person, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by such Releasee as a result of such violation.

8. GOVERNING LAW; CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE; WAIVER OF JURY TRIAL, ETC. THIS AMENDMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING GOVERNING LAW, CONSENT TO JURISDICTION, SERVICE OF PROCESS AND VENUE, AND WAIVER OF JURY TRIAL, ETC. SET FORTH IN SECTIONS 12.09 THROUGH 12.11 OF THE FINANCING AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

9. Amendments. This Amendment cannot be altered, amended, changed or modified in any respect except in accordance with Section 12.02 of the Financing Agreement.

10. Counterpart Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

11. Effect on Loan Documents.

(a) The Financing Agreement, as amended hereby, and each of the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of any Agent or any Lender under the Financing Agreement or any other Loan Document. Except for the amendments to the Financing Agreement expressly set forth herein, the Financing Agreement and the other Loan Documents shall remain unchanged and in full force and effect. The waivers, consents and modifications set forth herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are based, shall neither excuse any future non-compliance with the Loan Documents nor operate as a waiver of any Default or Event of Default (other than the Designated Event of Default), shall not operate as a consent to any further waiver, consent or amendment or other matter under the Loan Documents, and shall not be construed as an indication that any future waiver or amendment of covenants or any other provision of the Financing Agreement will be agreed to, it being understood that the granting or denying of any waiver or amendment which may hereafter be requested by Borrowers remains in the sole and absolute discretion of the Agents and Lenders. To the extent that any terms or provisions of this Amendment conflict with those of the Financing Agreement or the other Loan Documents, the terms and provisions of this Amendment shall control.

(b) Upon and after the effectiveness of this Amendment, each reference in the Financing Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Financing Agreement, and each reference in the other Loan Documents to "the Financing Agreement", "thereunder", "therein", "thereof" or words of like import referring to the Financing Agreement, shall mean and be a reference to the Financing Agreement as modified and amended hereby.

(c) To the extent that any of the terms and conditions in any of the Loan Documents shall contradict or be in conflict with any of the terms or conditions of the Financing Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Financing Agreement as modified or amended hereby.

(d) This Amendment is a Loan Document.

12. Entire Agreement. This Amendment, and the terms and provisions hereof, the Financing Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersede any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

13. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

14. Reaffirmation of Obligations. Each Loan Party hereby (a) acknowledges and reaffirms its obligations owing to the Agents, the Lenders and the other Secured Parties under each Loan Document to which it is a party, and (b) agrees that each of the Loan Documents to which it is a party is and shall remain in full force and effect. Each Loan Party hereby (i) further ratifies and reaffirms the validity and enforceability of all of the Liens and security interests heretofore granted, pursuant to and in connection with the Security Agreement or any other Loan Document to the Collateral Agent, on behalf and for the benefit of the Secured Parties, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and (ii) acknowledges that all of such Liens and security interests, and all Collateral heretofore pledged as security for such obligations, continue to be and remain collateral for such obligations from and after the date hereof (including, without limitation, from after giving effect to this Amendment).

15. Ratification. Each Loan Party hereby restates, ratifies and reaffirms each and every term and condition set forth in the Financing Agreement and the Loan Documents effective as of the date hereof and as modified hereby.

16. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

Borrowers:

LIMBACH FACILITY SERVICES LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

LIMBACH COMPANY LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

LIMBACH COMPANY LP,
a Delaware limited partnership

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

HARPER LIMBACH LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

HARPER LIMBACH CONSTRUCTION LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

Guarantors:

LIMBACH HOLDINGS, INC.,
a Delaware corporation

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

LIMBACH HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Jayme Brooks
Name: Jayme Brooks
Title: Chief Financial Officer

Administrative Agent, Collateral Agent and origination agent:

CITIZENS BANK, N.A.

By: /s/ John J. Ligday, Jr.
Name: John J. Ligday, Jr.
Title: Senior Vice President

Lender:

CITIZENS BANK, N.A.

By: /s/ John J. Ligday, Jr.
Name: John J. Ligday, Jr.
Title: Senior Vice President

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302
CERTIFICATION OF CEO

I, Charles A. Bacon, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of Limbach Holdings, Inc. (the "registrant");

2. Based on my knowledge, this quarterly 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 quarterly 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 quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 quarterly report is being prepared;

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

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

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

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

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

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

/s/ Charles A. Bacon, III
Charles A. Bacon, III
Chief Executive Officer

Date: November 14, 2019

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302
CERTIFICATION OF CFO

I, Jayme L. Brooks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of Limbach Holdings, Inc. (the “registrant”);

2. Based on my knowledge, this quarterly 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 quarterly 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 quarterly report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 quarterly report is being prepared;

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

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

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

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

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

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

/s/ Jayme L. Brooks
Jayme L. Brooks
Chief Financial Officer

Date: November 14, 2019

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Limbach Holdings, Inc. (the "Company") for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Charles A. Bacon, III, the Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m(a) or 78o(d)); 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: November 14, 2019
By /s/ Charles A. Bacon, III
Charles A. Bacon, III, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Limbach Holdings, Inc. (the "Company") for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Jayme L. Brooks, the Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m(a) or 78o(d)); 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: November 14, 2019
By /s/ Jayme L. Brooks
Jayme L. Brooks, Chief Financial Officer
(Principal Financial Officer)