REFINITIV

DELTA REPORT

10-Q

GIFI - GULF ISLAND FABRICATION I

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1679
CHANGES	203
DELETIONS	363
ADDITIONS	1113

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

FORM 10-Q

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

For the quarterly period ended
March 31, June 30, 2024

or

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

For the transition period from
to
Commission File Number 001-34279

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GULF ISLAND FABRICATION, INC.

(Exact name of registrant as specified in its charter)

LOUISIANA	**72-1147390**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2170 BUCKTHORNE PLACE, SUITE 420 THE WOODLANDS, TEXAS	**77380**
(Address of principal executive offices)	**(Zip Code)**

(713) 714-6100
(Registrant’s telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	GIFI GIFI	NASDAQ

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 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 ☒

The number of shares of the registrant's common stock, no par value per share, outstanding as of April 30, 2024 July 31, 2024, was 16,282,521 16,516,331.

GULF ISLAND FABRICATION, INC.

I N D E X

GLOSSARY OF TERMS

As used in this report filed on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 ("this Report"), the following abbreviations and terms have the meanings listed below. In addition, the terms "Gulf Island," "the Company," "we," "us" and "our" refer to Gulf Island Fabrication, Inc. and its consolidated subsidiaries, unless the context clearly indicates otherwise. Certain terms defined below may be redefined separately within this Report when we believe providing a definition upon the first use of the term will assist users of this Report. Unless and as otherwise stated, any references in this Report to any agreement means such agreement and all schedules, exhibits and attachments in each case as amended, restated, supplemented or otherwise modified to the date of filing this Report.

2023 Annual Report	Our annual report for the year ended December 31, 2023, filed with the SEC on Form 10-K on March 8, 2024.
2023 Financial Statements	Our Financial Statements for the year ended December 31, 2023 and related notes, included in our 2023 Annual Report.
ASC	Accounting Standards Codification.
ASU	Accounting Standards Update.
Balance Sheet	Our Consolidated Balance Sheets, as filed in this Report.

Board	Board of Directors.
contract assets	Costs and estimated earnings recognized to date in excess of cumulative billings.
contract liabilities	Cumulative billings in excess of costs and estimated earnings recognized to date and accrued contract losses.
cost-reimbursable	Work is performed and billed to the customer at cost plus a profit margin or other variable fee arrangements which can include a mark-up.
COVID-19	The global coronavirus pandemic.
deck	The component of a platform on which drilling, production, separating, gathering, piping, compression, well support, crew quartering and other functions related to offshore oil and gas development are conducted.
DTA(s)	Deferred Tax Asset(s).
EPC	Engineering, Procurement and Construction.
Exchange Act	Securities Exchange Act of 1934, as amended.
Fabrication Division	Our Fabrication reportable segment.
Facilities	Our Houma Facilities and other facilities that support our operations.
FASB	Financial Accounting Standards Board.
FDC	Fidelity & Deposit Company of Maryland.
Ferry Projects	Contracts and related obligations for our seventy-vehicle ferry and two forty-vehicle ferry projects that were under construction as of the date of the Shipyard Transaction, which were excluded from the Shipyard Transaction.
Financial Statements	Our Consolidated Financial Statements, including comparative consolidated Balance Sheets, Statements of Operations, Statements of Changes in Shareholders' Equity and Statements of Cash Flows, as filed in this Report.
GAAP	Generally Accepted Accounting Principles in the U.S.
GIS	Gulf Island Shipyards, LLC.

GOM	Gulf of Mexico.
Gulf Coast	Along the coast of the Gulf of Mexico.
Hornbeck	Hornbeck Offshore Services, LLC.

Houma AHFS	Certain excess real property (consisting of land and buildings) of our Fabrication Division sold in February during the first quarter 2024 that was part of our Houma Facilities, which was classified as an asset held for sale on our Balance Sheet at December 31, 2023.
Houma Facilities	Our owned facilities located in Houma, Louisiana that support our Fabrication Division and Services Division and represent our primary operating facilities.
inland	Typically, bays, lakes and marshy areas.
Insurance Finance Arrangements	Short-term finance arrangements for insurance premiums associated with our property and equipment and general liability insurance coverages.
jacket	A component of a fixed platform consisting of a tubular steel braced structure extending from the mudline of the seabed to a point above the water surface. The jacket is anchored with tubular steel piles driven into the seabed. The jacket supports the deck structure located above the water.
labor hours	Hours worked by employees directly involved in the fabrication of our products or delivery of our services.
LC Facility	Our $10.0 million letter of credit facility with Whitney Bank maturing on June 30, 2026, as amended.
LNG	Liquefied Natural Gas.
Mortgage Agreement	Multiple indebtedness mortgage arrangement with Zurich, to secure our obligations and liabilities under our Note Agreement and general indemnity agreement with Zurich associated with an outstanding surety bond for our forty-vehicle ferry projects. The mortgage arrangement encumbers the real estate associated with our Houma Facilities and includes certain covenants and events of default.

modules	Fabricated structures that include structural steel, piping, valves, fittings, storage vessels and other equipment that are incorporated into a refining, petrochemical, LNG or industrial system.
MPSV(s)	Multi-Purpose Supply Vessel(s).
MPSV Litigation	The lawsuit filed in the Twenty-Second Judicial District Court for the Parish of St. Tammany, State of Louisiana and was styled Gulf Island Shipyards, LLC v. Hornbeck Offshore Services, LLC, bearing docket number 2018-14861, which was resolved on October 4, 2023.
Note Agreement	Promissory note entered into with Zurich on November 6, 2023, in connection with the resolution of our MPSV Litigation, pursuant to which we will pay Zurich $20.0 million, plus interest at a fixed rate of 3.0% per annum, payable in 15 equal annual installments beginning on December 31, 2024.
offshore	In unprotected waters outside coastlines.
onshore	Inside the coastline on land.
Performance Bonds	The performance bonds issued by Zurich in connection with the construction of two MPSVs that were subject to our previous MPSV Litigation, for which the face amount of the bonds totaled $50.0 million, and for which the obligations under the performance bonds were terminated on November 6, 2023, in connection with the Settlement Agreement and Note Agreement.
performance obligation	A contractual obligation to construct and transfer a distinct good or service to a customer. It is the unit of account in Topic 606. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.
piles	Rigid tubular pipes that are driven into the seabed to anchor a jacket.
platform	A structure from which offshore oil and gas development drilling and production are conducted.
POC	Percentage-of-completion.
SEC	U.S. Securities and Exchange Commission.
Services Division	Our Services reportable segment.
Settlement Agreement	Agreement entered into with Zurich on November 6, 2023, in connection with the resolution of our MPSV Litigation, pursuant to which, among other things, Zurich released GIS and the Company from all of their obligations under the Performance Bonds and the associated general indemnity agreements relating to the Performance Bonds, and we agreed to release possession of the MPSVs to Zurich.

Share Repurchase Program	Share repurchase program authorizing the repurchase of up to $5.0 million of our outstanding common stock, effective from December 15, 2023 through December 15, 2024.
Shipyard Division	Our Shipyard reportable segment.
Shipyard Transaction	The sale of our Shipyard Division’s operating assets and certain construction contracts during 2021, which excluded the contracts and related obligations for our Ferry Projects and the contracts and related obligations for the projects that were subject to our previous MPSV Litigation.
Statement of Cash Flows	Our Consolidated Statements of Cash Flows, as filed in this Report.
Statement of Operations	Our Consolidated Statements of Operations, as filed in this Report.
Statement of Shareholders’ Equity	Our Consolidated Statements of Changes in Shareholders’ Equity, as filed in this Report.
Surety or Sureties	A financial institution that issues bonds to customers on behalf of the Company for the purpose of providing third-party financial assurance related to the performance of our contracts. Payments by the Surety pursuant to a bond in the event of non-performance are subject to reimbursement to the Surety by us under a general indemnity agreement.
T&M	Time and Materials. Work is performed and billed to the customer at contracted time and material rates.
Topic 606	The revenue recognition criteria prescribed under ASU 2014-09, “*Revenue from Contracts with Customers”*.
U.S.	The United States of America.
USL&H	United States Longshoreman and Harbor Workers Act.
VA(s)	Valuation Allowance(s).
Whitney Bank	Hancock Whitney Bank.
Zurich	FDC and Zurich American Insurance Company.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements Statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	(Unaudited)		(Unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents	$ 32,469	$ 38,176	$ 9,509	$ 38,176
Restricted cash	1,475	1,475	1,475	1,475
Short-term investments	27,352	8,233	52,115	8,233
Contract receivables and retainage, net	26,892	36,298	33,433	36,298
Contract assets	4,905	2,739	2,221	2,739
Prepaid expenses and other assets	4,634	6,994	4,257	6,994
Inventory	2,004	2,072	2,331	2,072
Assets held for sale	—	5,640	—	5,640
Total current assets	99,731	101,627	105,341	101,627
Property, plant and equipment, net	24,501	23,145	24,535	23,145
Goodwill	2,217	2,217	2,217	2,217
Other intangibles, net	664	700	628	700
Other noncurrent assets	645	739	542	739
Total assets	$ 127,758	$ 128,428	$ 133,263	$ 128,428
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 6,625	$ 8,466	$ 9,017	$ 8,466
Contract liabilities	1,740	5,470	4,129	5,470
Accrued expenses and other liabilities	13,390	14,836	12,884	14,836
Long-term debt, current	1,075	1,075	1,075	1,075

Total current liabilities	22,830	29,847	27,105	29,847
Long-term debt, noncurrent	18,925	18,925	18,925	18,925
Other noncurrent liabilities	559	685	551	685
Total liabilities	42,314	49,457	46,581	49,457
Shareholders’ equity:				
Preferred stock, no par value, 5,000 shares authorized, no shares issued and outstanding	—	—	—	—
Common stock, no par value, 30,000 shares authorized, 16,197 shares issued and outstanding at March 31, 2024 and 16,258 at December 31, 2023	11,752	11,729		
Common stock, no par value, 30,000 shares authorized, 16,516 shares issued and outstanding at June 30, 2024 and 16,258 at December 31, 2023	11,688	11,729		
Additional paid-in capital	108,825	108,615	108,238	108,615
Accumulated deficit	(35,133)	(41,373)	(33,244)	(41,373)
Total shareholders’ equity	85,444	78,971	86,682	78,971
Total liabilities and shareholders’ equity	$ 127,758	$ 128,428	$ 133,263	$ 128,428

The accompanying notes are an integral part of these financial statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(in thousands, except per share data)

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue	$ 42,881	$ 62,168	$ 41,262	$ 39,326	$ 84,143	$ 101,494
Cost of revenue	36,757	57,134	37,104	34,845	73,861	91,979
Gross profit	6,124	5,034	4,158	4,481	10,282	9,515
General and administrative expense	3,484	5,067	3,354	3,736	6,838	8,803
Other (income) expense, net	(3,068)	(361)	(479)	(4)	(3,547)	(365)
Operating income	5,708	328	1,283	749	6,991	1,077
Interest (expense) income, net	542	320	603	340	1,145	660
Income before income taxes	6,250	648	1,886	1,089	8,136	1,737

Income tax (expense) benefit	(10)	(7)	3	13	(7)	6
Net income	$ 6,240	$ 641	$ 1,889	$ 1,102	$ 8,129	$ 1,743
Per share data:						
Basic income per share	$ 0.38	$ 0.04	$ 0.12	$ 0.07	$ 0.50	$ 0.11
Diluted income per share	$ 0.37	$ 0.04	$ 0.11	$ 0.07	$ 0.48	$ 0.11

The accompanying notes are an integral part of these financial statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(UNAUDITED)

(in thousands)

	Common Stock		Additional Paid-In	Accumulated	Total Shareholders'	Common Stock		Additional Paid-In	Accumulated	Total Shareholders'
	Shares	**Amount**	**Capital**	**Deficit**	**Equity**	**Shares**	**Amount**	**Capital**	**Deficit**	**Equity**
Balance at December 31, 2022	15,973	$ 11,591	$ 107,372	$ (16,339)	$ 102,624	15,973	$ 11,591	$ 107,372	$ (16,339)	$ 102,624
Adoption of ASU 2016-13	—	—	—	(632)	(632)	—	—	—	(632)	(632)
Balance at January 1, 2023	15,973	11,591	107,372	(16,971)	101,992	15,973	11,591	107,372	(16,971)	101,992
Net income	—	—	—	641	641	—	—	—	641	641
Vesting of restricted stock	82	(18)	(163)	—	(181)	82	(18)	(163)	—	(181)
Stock-based compensation expense	—	51	458	—	509	—	51	458	—	509
Balance at March 31, 2023	16,055	$ 11,624	$ 107,667	$ (16,330)	$ 102,961	16,055	11,624	107,667	(16,330)	102,961
Net income	—	—	—	1,102	1,102					

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders’ Equity	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders’ Equity
Vesting of restricted stock	232	(30)	(271)	—	(301)					
Stock-based compensation expense	—	44	400	—	444					
Balance at June 30, 2023	16,287	$ 11,638	$ 107,796	$ (15,228)	$ 104,206					
Balance at December 31, 2023	16,258	$ 11,729	$ 108,615	$ (41,373)	$ 78,971	16,258	$ 11,729	$ 108,615	$ (41,373)	$ 78,971
Net income	—	—	—	6,240	6,240	—	—	—	6,240	6,240
Stock-based compensation expense	—	50	456	—	506	—	50	456	—	506
Repurchases of common stock	(61)	(27)	(246)	—	(273)	(61)	(27)	(246)	—	(273)
Balance at March 31, 2024	16,197	$ 11,752	$ 108,825	$ (35,133)	$ 85,444	16,197	11,752	108,825	(35,133)	85,444
Net income	—	—	—	1,889	1,889					
Vesting of restricted stock	319	(118)	(1,065)	—	(1,183)					
Stock-based compensation expense	—	54	478	—	532					
Balance at June 30, 2024	16,516	$ 11,688	$ 108,238	$ (33,244)	$ 86,682					

The accompanying notes are an integral part of these financial statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net income	$ 6,240	$ 641	$ 8,129	$ 1,743
Adjustments to reconcile net income to net cash provided by operating activities:				
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,193	1,333	2,433	2,725
Change in allowance for doubtful accounts and credit losses	(28)	—	(28)	(200)
Gain on sale or disposal of assets held for sale and fixed assets, net	(3,241)	(64)	(3,942)	(33)
Gain on insurance recoveries	—	(245)	—	(245)
Stock-based compensation expense	506	509	1,038	953
Changes in operating assets and liabilities:				
Contract receivables and retainage, net	9,434	(14,540)	2,893	(7,110)
Contract assets	(2,166)	(699)	518	(1,823)
Prepaid expenses, inventory and other current assets	2,102	147	2,152	955
Accounts payable	(1,712)	18,135	539	8,742
Contract liabilities	(3,730)	(3,808)	(1,341)	(5,131)
Accrued expenses and other current liabilities	(1,422)	62	(1,841)	(2,393)
Noncurrent assets and liabilities, net	(157)	(175)	(253)	(376)
Net cash provided by operating activities	7,019	1,296		
Net cash provided by (used in) operating activities	10,297	(2,193)		
Cash flows from investing activities:				
Capital expenditures	(2,553)	(487)	(3,566)	(1,056)
Proceeds from sale of property and equipment	8,894	106	9,614	106
Recoveries from insurance claims	326	245	326	245
Purchases of short-term investments	(22,170)	(15,083)	(57,337)	(15,260)
Maturities of short-term investments	3,050	10,000	13,455	10,000
Net cash used in investing activities	(12,453)	(5,219)	(37,508)	(5,965)
Cash flows from financing activities:				
Payments on Insurance Finance Arrangements	—	(1,003)	—	(1,129)
Tax payments for vested stock withholdings	—	(181)	(1,183)	(482)
Repurchases of common stock	(273)	—	(273)	—

Net cash used in financing activities	(273)	(1,184)	(1,456)	(1,611)
Net decrease in cash, cash equivalents and restricted cash	(5,707)	(5,107)	(28,667)	(9,769)
Cash, cash equivalents and restricted cash, beginning of period	39,651	34,824	39,651	34,824
Cash, cash equivalents and restricted cash, end of period	$ 33,944	$ 29,717	$ 10,984	$ 25,055

The accompanying notes are an integral part of these financial statements.

GULF ISLAND FABRICATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, June 30, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Gulf Island Fabrication, Inc. (together with its subsidiaries, “Gulf Island,” “the Company,” “we,” “us” and “our”) is a leading fabricator of complex steel structures and modules and a provider of specialty services, including project management, hookup, commissioning, repair, maintenance, scaffolding, coatings, welding enclosures, civil construction and staffing cleaning and environmental services to the industrial and energy sectors. Our customers include U.S. and, to a lesser extent, international energy producers; refining, petrochemical, LNG, industrial and power operators; and EPC companies. We currently operate and manage our business through three operating divisions (“Services”, “Fabrication” and “Shipyard”) and one non-operating division (“Corporate”), which represent our reportable segments. Our corporate headquarters is located in The Woodlands, Texas and our primary operating facilities are located in Houma, Louisiana (“Houma Facilities”). See Note 6 for further discussion of our reportable segments.

During 2021, we sold our Shipyard Division operating assets and certain construction contracts (“Shipyard Transaction”). The Shipyard Transaction excluded the contracts and related obligations for our seventy-vehicle ferry and two forty-vehicle ferry projects (collectively, “Ferry Projects”) that were under construction as of the transaction date, and excluded the contracts and related obligations for the projects that were subject to our previous MPSV Litigation, which was resolved on October 4, 2023. The wind down of our remaining Shipyard Division operations was substantially completed in the fourth quarter 2023. See Note 2 for further discussion of our Ferry Projects, Note 4 for further discussion of the resolution of our MPSV Litigation and Note 6 for further discussion of the wind down of our Shipyard Division operations.

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements (“Financial Statements”) reflect all wholly owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation. The Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) for interim financial statements, the instructions to Form 10-Q and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission (the “SEC”). Accordingly, the Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the Financial Statements have been included. Operating results for the three and six months ended March 31, 2024 June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. Our Consolidated Balance Sheet ("Balance Sheet") at December 31, 2023, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to our 2023 Financial Statements.

Operating Cycle

The duration of our contracts vary, but may extend beyond twelve months from the date of contract award. Consistent with industry practice, assets and liabilities have been classified as current under the operating cycle concept whereby all contract-related items are classified as current regardless of whether cash will be received or paid within a twelve-month period. Assets and liabilities classified as current, which may not be received or paid within the next twelve months, include contract retainage, contract assets and contract liabilities. Variations from normal contract terms may result in the classification of assets and liabilities as long-term.

Use of Estimates

General – The preparation of our Financial Statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We believe our most significant estimates and judgments are associated with:

- revenue recognition for our long-term contracts, including application of the percentage-of-completion ("POC") method, estimating cc to complete each contract and the recognition of incentives, unapproved change orders, claims (including amounts arising fr disputes with customers) and liquidated damages;
- fair value and recoverability assessments that must be periodically performed with respect to long-lived tangible assets, goodwill a other intangible assets;
- determination of deferred income tax assets, liabilities and related valuation allowances;
- reserves for bad debts and credit losses;
- liabilities related to self-insurance programs;
- determination of the fair-value of our long-term debt; and
- the impacts of volatile oil and gas prices and macroeconomic conditions on our business, estimates and judgments as discuss further below.

If the underlying estimates and assumptions upon which our Financial Statements are based change in the future, actual amounts may differ materially from those included in the Financial Statements.

Oil and Gas Price Volatility and Macroeconomic Conditions – For over a decade, prices of oil and gas have experienced significant volatility, including depressed prices over extended periods, which negatively impacted our end markets and operating results. Beginning in 2020, the The global coronavirus pandemic ("COVID-19") added another layer of pressure and uncertainty on oil and gas prices (with oil prices reaching a twenty-year low and gas prices reaching a four-year low in 2020), which further negatively impacted certain of our end markets through the first quarter 2022. This volatility in oil and gas prices was compounded by Russia's invasion of Ukraine in February 2022 (and the related European energy crisis), and the U.S. and other countries actions in response, as well as continued inflationary pressures, resulting in elevated energy prices (with oil prices reaching an eight-year high and gas prices reaching a fourteen-year high in 2022), which positively impacted certain of our end markets. While oil and gas prices declined in 2023, prices have somewhat stabilized, but the duration of such stability is uncertain and difficult to predict, particularly in light of geopolitical turmoil and uncertainty.

In addition, global economic factors that are beyond our control, have and could continue to impact our operations, including, but are not limited to, labor constraints, supply chain disruptions, inflationary pressures, economic slowdowns and recessions, natural disasters, public health crises, and geopolitical conflicts.

The ultimate business and financial impacts of oil and gas price volatility and macroeconomic conditions on our business and results of operations continues to be uncertain, but the impacts have included, or may continue to include, among other things, reduced bidding activity; suspension or termination of backlog; deterioration of customer financial condition; and unanticipated project costs and schedule delays due to supply chain disruptions, labor and material price increases, lower labor productivity, increased employee and contractor absenteeism and turnover, craft labor hiring challenges, increased safety incidents, lack of performance by subcontractors and suppliers, and contract disputes. We continue to monitor the impacts of oil and gas price volatility and macroeconomic conditions on our operations, and our estimates in future periods will be revised for any events and changes in circumstances arising after the date of this Report.

Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing net income or loss by the weighted average number of common shares outstanding for the period. Diluted income (loss) per share reflects the assumed conversion of dilutive securities in periods in which income is reported. See Note 5 for calculations of our basic and diluted income (loss) per share.

Cash Equivalents and Short-term Investments

Cash Equivalents – We consider investments with original maturities of three months or less when purchased to be cash equivalents. We hold substantially all of our cash deposits with Hancock Whitney Bank (“Whitney Bank”).

Restricted Cash – At March 31, 2024 June 30, 2024 and December 31, 2023, we had $1.5 million and $1.5 million, respectively, of restricted cash as security for letters of credit issued under our letter of credit facility (“LC Facility”) with Whitney Bank. Our restricted cash is held in an interest-bearing money market account with Whitney Bank. The classification of the restricted cash as current and noncurrent is determined by the contractual maturity dates of the letters of credit being secured, with letters of credit having maturity dates of twelve months or less from the balance sheet date classified as current, and letters of credit having maturity dates of longer than twelve months from the balance sheet date classified as noncurrent. See Note 3 for further discussion of our letters of credit and associated security requirements.

Short-term Investments – We consider investments with original maturities of more than three months but less than twelve months to be short-term investments. At March 31, 2024 June 30, 2024 and December 31, 2023, our short-term investments included U.S. Treasuries with original maturities of approximately four to six months. We intend to hold these investments until maturity and it is not more likely than not that we will be required to sell the investments prior to their maturity. The investments are stated at amortized costs, which approximates fair value due to their near-term maturities. All short-term investments are traded on active markets with quoted prices and represent Level 1 fair value measurements.

Inventory

Inventory is recorded at the lower of cost or net realizable value determined using the first-in-first-out basis. The cost of inventory includes acquisition costs, production or conversion costs, and other costs incurred to bring the inventory to a current location and condition. Net realizable value is our estimated selling price in the normal course of business, less reasonably predictable costs of completion, disposal and transportation. An allowance for excess or inactive inventory is recorded based on an analysis that considers current inventory levels, historical usage patterns, estimates of future sales and salvage value.

Allowance for Doubtful Accounts and Credit Losses

In the normal course of business, we extend credit to our customers on a short-term basis and contract receivables are generally not collateralized; however, we typically have the right to place liens on our projects in the event of nonpayment by our customers. We provide an allowance for credit losses and routinely review individual contract receivable balances and other financial assets for collectability and make provisions for probable uncollectible amounts as necessary. Among the factors considered in our review are the financial condition of our customer and its access to financing, underlying disputes with the customer, the age and value of the receivable balance, company-specific credit ratings, historical company-specific uncollectable amounts and economic conditions in general. See ““*New Accounting Standards*” below and Note 2 for further discussion of our allowance for doubtful accounts and credit losses.

Stock-Based Compensation

Awards under our stock-based compensation plans are calculated using a fair value-based measurement method. Depending on the terms of the award, we use the straight-line and graded vesting methods to recognize share-based compensation expense over the requisite service period of the award. We recognize the excess tax benefit or tax deficiency resulting from the difference between the deduction we receive for tax purposes and the stock-based compensation expense we recognize for financial reporting purposes created when common stock vests, as an income tax benefit or expense on our Consolidated Statements of Operations (“Statement of Operations”). Tax payments made on behalf of employees to taxing authorities in order to satisfy employee income tax withholding obligations from the vesting of shares under our stock-based compensation plans are classified as a financing activity on our Consolidated Statements of Cash Flows (“Statement of Cash Flows”).

Assets Held for Sale

Assets held for sale are measured at the lower of their carrying amount or fair value less cost to sell. In February During the first quarter 2024, we sold certain excess real property (consisting of land and buildings) of our Fabrication Division that was part of our Houma Facilities for cash proceeds of $8.5 million (net of transaction and other costs), resulting in a net gain of $2.9 million for the three six months ended March 31, 2024 June 30, 2024, which is reflected within other income (expense), net on our Statement of Operations. The property sold was classified as an asset held for sale (“Houma AHFS”) on our Balance Sheet at December 31, 2023, and the proceeds received are reflected within proceeds from sale of property and equipment on our Statement of Cash Flows.

Depreciation and Amortization Expense

Property, plant and equipment are depreciated on a straight-line basis over estimated useful lives ranging from three to 25 years. years. Ordinary maintenance and repairs, which do not extend the physical or economic lives of the plant or equipment, are charged to expense as incurred. Intangible assets are amortized on a straight-line basis over seven years and amortization expense is reflected within general and administrative expense on our Statement of Operations.

Long-Lived Assets

Goodwill – Goodwill is not amortized, but instead is reviewed for impairment at least annually at a reporting unit level, absent any indicators of impairment or when other actions require an impairment assessment (such as a change in reporting units). Our Services Division represents our only reporting unit with goodwill. We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of October 1. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of our reporting unit is greater than its carrying value. If we determine that it is more likely than not that the carrying value of the reporting unit is greater than its fair value, we perform a quantitative impairment test by calculating the fair value of the reporting unit and comparing it to the carrying value of the reporting unit, and we recognize an impairment charge to the extent its carrying value exceeds its fair value. To determine the fair value of our reporting unit and test for impairment, we utilize an income approach (discounted cash flow method) as we believe this is the most direct approach to incorporate the specific economic attributes and risk profile of our reporting unit into our valuation model. We had no indicators of impairment during the three six months ended March 31, 2024 June 30, 2024. If, based on future assessments, our goodwill is deemed to be impaired, the impairment would result in a charge to our operating results in the period of impairment.

Other Long-Lived Assets – Our property, plant and equipment, lease assets (included within other noncurrent assets) and finite-lived intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If a recoverability assessment is required, we compare the estimated future undiscounted cash flow associated with the asset or asset group to its carrying amount to determine if an impairment exists. An asset group constitutes the minimum level for which identifiable cash flows are principally independent of the cash flows of other assets or asset groups. An impairment loss is measured by comparing the fair value of the asset or asset group to its carrying amount and the excess of the carrying amount of the asset or asset group over its fair value is recorded as an impairment charge. Fair value is determined based on discounted cash flows, appraised values or third-party indications of value, as appropriate. We had no indicators of impairment during the three six months ended March 31, 2024 June 30, 2024.

Leases

We record a right-of-use asset and an offsetting lease liability on our Balance Sheet equal to the present value of our lease payments for leases with an original term of longer than twelve months. We do not record an asset or liability for leases with an original term of twelve months or less and we do not separate lease and non-lease components for our leases. Our lease assets are reflected within other noncurrent assets, and the current and noncurrent portions of our lease liabilities are reflected within accrued expenses and other liabilities, and other noncurrent liabilities, respectively, on our Balance Sheet. For leases with escalations over the life of the lease, we recognize expense on a straight-line basis.

Fair Value Measurements

Fair value determinations for financial assets and liabilities are based on the particular facts and circumstances. Financial instruments are required to be categorized within a valuation hierarchy based upon the lowest level of input that is significant to the fair value measurement. The three levels of the valuation hierarchy are as follows:

- Level 1 – inputs are based upon quoted prices for identical instruments traded in active markets.

- Level 2 – inputs are based upon quoted prices for similar instruments in active markets and model-based valuation techniques which all significant assumptions are observable in the market.
- Level 3 – inputs are based upon model-based valuation techniques for which significant assumptions are generally not observable the market and typically reflect estimates and assumptions that we believe market participants would use in pricing the asset or liabi These include discounted cash flow models and similar valuation techniques.

The carrying amounts of our financial instruments, including cash and cash equivalents, short-term investments, accounts receivable and accounts payable approximate their fair values. Our fair value assessments for determining the impairments of inventory, assets held for sale, goodwill and long-lived assets, are non-recurring fair value measurements that fall within Level 3 of the fair value hierarchy. Our fair value assessments for long-term debt are recurring fair value measurements that fall within Level 2 of the fair value hierarchy, and are determined using various methods, including quoted prices for identical or similar securities in both active and inactive markets. See "*Assets Held for Sale"* above for further discussion of our assets held for sale and Note 3 for further discussion of our long-term debt.

Revenue Recognition

General – Our revenue is derived from customer contracts and agreements that are awarded on a competitively bid and negotiated basis using a range of contracting options, including fixed-price, unit-rate, time and materials ("T&M") and cost-reimbursable, or a combination thereof. Our contracts primarily relate to the fabrication of steel structures and modules, and certain service arrangements. We recognize revenue from our contracts in accordance with Accounting Standards Update ("ASU") 2014-09, Topic 606 *"Revenue from Contracts with Customers"* ("Topic 606").

Topic 606 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, provisions of Topic 606 specify which goods and services are distinct and represent separate performance obligations (representing the unit of account in Topic 606) within a contract and which goods and services (which could include multiple contracts or agreements) should be aggregated. In general, a performance obligation is a contractual obligation to construct and/or transfer a distinct good or service to a customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenue for performance obligations satisfied over time are recognized as the work progresses. Revenue for performance obligations that do not meet the criteria for over time recognition are recognized at a point-in-time when a performance obligation is complete and a customer has obtained control of a promised asset.

Long-term Contracts Satisfied Over Time – Revenue for our long-term contracts is recognized using the POC method based on contract costs incurred to date compared to total estimated contract costs (an input method). Fixed-price contracts, or contracts with a more significant fixed-price component, generally provide us with greater control over project schedule and the timing of when work is performed and costs are incurred, and accordingly, when revenue is recognized. Unit-rate, T&M and cost-reimbursable contracts generally have more variability in the scope of work and provide our customers with greater influence over the timing of when we perform our work, and accordingly, such contracts often result in less predictability with respect to the timing of when revenue is recognized. Contract costs include direct costs, such as materials and labor, and indirect costs attributable to contract activity. Material costs that are significant to a contract and do not reflect an accurate measure of project completion are excluded from the determination of our contract progress. Revenue for such materials is only recognized to the extent of costs incurred. Revenue and gross profit or loss for contracts accounted for using the POC method can be significantly affected by changes in estimated cost to complete such contracts. Significant estimates impacting the cost to complete a contract include: forecast costs of engineering, materials, equipment and subcontracts; forecast costs of labor and labor productivity; schedule durations, including subcontractor and supplier progress; contract disputes, including claims; achievement of contractual performance requirements; and contingency, among others. Although our customers retain the right and ability to change, modify or discontinue further work at any stage of a contract, in the event our customers discontinue work, they are required to compensate us for the work performed to date. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of profit recognized in prior periods and the recognition of losses expected to be incurred on contracts. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates, which could result in material changes to our Financial Statements and related disclosures. See Note 2 for further discussion of projects with significant changes in estimated margins during the three and six months ended March 31, 2024 June 30, 2024 and 2023.

Short-term Contracts and Contracts Satisfied at a Point In Time – Revenue for our short-term contracts (which includes revenue associated with our master services arrangements) and contracts that do not satisfy the criteria for revenue recognition over time is recognized when the work is performed or when control of the asset is transferred, the related costs are incurred and collection is reasonably assured.

Variable Consideration – Revenue and gross profit or loss for contracts can be significantly affected by variable consideration, which can be in the form of unapproved change orders, claims (including amounts arising from disputes with customers), incentives and liquidated damages that may not be resolved until the later stages of the contract or after the contract has been completed. Variable consideration can also include revenue associated with work performed on a unit-rate, T&M or cost-reimbursable basis that is recognized using the POC method. We estimate variable consideration based on the amount we expect to be entitled and include estimated amounts in transaction price to the extent it is probable that a significant future reversal of cumulative revenue recognized will not occur or when we conclude that any significant uncertainty associated with the variable consideration is resolved. See Note 2 for further discussion of our unapproved change orders, claims, incentives and liquidated damages.

Additional Disclosures – Topic 606 also requires disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. See Note 2 for required disclosures under Topic 606.

Pre-Contract Costs

Pre-contract costs are generally charged to cost of revenue as incurred, but in certain cases their recognition may be deferred if specific probability criteria are met. At March 31, 2024 June 30, 2024 and December 31, 2023, we had no deferred pre-contract costs.

Other (Income) Expense, Net

Other (income) expense, net, generally represents recoveries or provisions for bad debts and credit losses, gains or losses associated with the sale or disposition of property and equipment, and income or expense associated with certain nonrecurring items. For the three six months ended March 31, 2024 June 30, 2024, other (income) expense, net included a gain of $2.9 million for our Fabrication Division related to the sale of our Houma AHFS. For the three and six months ended June 30, 2024, other (income) expense, net also included gains of $0.7 million and $1.1 million, respectively, for our Fabrication Division related to the sales of excess equipment. See “*“Assets Held for Sale”* above for further discussion of our Houma AHFS.

Income Taxes

Income taxes have been provided for using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using enacted rates expected to be in effect during the year in which the differences are expected to reverse. Due to state income tax laws related to the apportionment of revenue for our projects, judgment is required to estimate the effective tax rate expected to apply to tax differences that are anticipated to reverse in the future.

A valuation allowance is provided to reserve for deferred tax assets (“DTA(s)”) if, based upon the available evidence, it is more likely than not that some or all of the DTAs will not be realized. The realization of our DTAs depends on our ability to generate sufficient taxable income of the appropriate character and in the appropriate jurisdictions. Our effective tax rate differs from our statutory rate for the three and six months ended March 31, 2024 June 30, 2024 and 2023, as no federal income tax expense was recorded for our income as it was fully offset by the reversal of valuation allowance on our net deferred tax assets. Income taxes recorded for the three and six months ended March 31, 2024 June 30, 2024 and 2023, relate to state income taxes.

Reserves for uncertain tax positions are recognized when we consider it more likely than not that additional tax will be due in excess of amounts reflected in our income tax returns, irrespective of whether or not we have received tax assessments. Interest and penalties on uncertain tax positions are recorded within income tax expense.

New Accounting Standards

Financial Instruments – In the first quarter 2023, we adopted ASU 2016-13, *“Financial Instruments - Credit Losses - Measurement of Credit Losses on Financial Instruments,”* which changes the way we evaluate credit losses for most financial assets and certain other instruments. For trade and other receivables, short-term investments, loans and other instruments, we are required to use a new forward-looking “expected loss” model to evaluate impairment, which includes considering a broader range of information to estimate expected credit losses and may potentially result in earlier recognition of allowances for losses. The new accounting standard was adopted using the cumulative-effect transition method with any cumulative-effect adjustment being recorded to accumulated deficit on January 1, 2023. Upon adoption, we recorded a $0.6 million increase to beginning accumulated deficit, a $0.4 million decrease to contract receivables and retainage, net and contract assets, and a $0.2 million decrease to other noncurrent assets, on our Balance Sheet. Adoption of the new standard did not have a material effect on our results of operations or related disclosures.

Segment Reporting – In the fourth quarter 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-07 “*Segment Reporting - Improvements to Reportable Segment Disclosures*,” which requires additional information about a public company’s significant segment expenses and more timely and detailed segment information reporting throughout the fiscal period. The new standard will be effective for us in the fourth quarter 2024. Early adoption of the new standard is permitted; however, we have not elected to early adopt the standard. The new standard is required to be applied using the retrospective transition method. We are assessing the effect that the new standard will have on our financial statement disclosures; however, adoption will not impact our Balance Sheet, Statement of Operations or Statement of Cash Flows.

Income Taxes – In the fourth quarter 2023, the FASB issued ASU 2023-09 “*Income Taxes - Improvements to Income Tax Disclosures*,” which requires enhanced disclosures related to rate reconciliation and income taxes paid information. The new standard will be effective for us in the fourth quarter 2025. Early adoption of the new standard is permitted; however, we have not elected to early adopt the standard. The new standard may be applied using either the prospective or retrospective transition method. We are assessing the effect of the new standard on our financial statement disclosures; however, adoption will not impact our Balance Sheet, Statement of Operations or Statement of Cash Flows.

2. REVENUE, CONTRACT ASSETS AND LIABILITIES AND OTHER CONTRACT MATTERS

As discussed in Note 1, we recognize revenue from our contracts in accordance with Topic 606. Summarized below are required disclosures under Topic 606 and other relevant guidance.

Disaggregation of Revenue

The following tables summarize revenue for each of our operating segments, disaggregated by contract type and duration, for the three and six months ended March 31, 2024 June 30, 2024 and 2023 (in thousands):

	Three Months Ended March 31, 2024					Three Months Ended June 30, 2024				
	Services	Fabrication	Shipyard	Eliminations	Total	Services	Fabrication	Shipyard	Eliminations	Total
Fixed-price and unit-rate	$ 249	$ 15,875	$ 409	$ —	$ 16,533	$ 514	$ 16,682	$ 36	$ (3)	$ 17,229
T&M and cost-reimbursable	24,727	1,263	—	—	25,990	21,589	2,045	—	—	23,634
Other	558	—	—	(200)	358	664	—	—	(265)	399
Total	$ 25,534	$ 17,138	$ 409	$ (200)	$ 42,881	$ 22,767	$ 18,727	$ 36	$ (268)	$ 41,262
Long-term	$ 249	$ 15,958	$ 409	$ —	$ 16,616	$ 514	$ 17,656	$ 36	$ (3)	$ 18,203
Short-term	25,285	1,180	—	(200)	26,265	22,253	1,071	—	(265)	23,059
Total	$ 25,534	$ 17,138	$ 409	$ (200)	$ 42,881	$ 22,767	$ 18,727	$ 36	$ (268)	$ 41,262

	Three Months Ended March 31, 2023					Three Months Ended June 30, 2023				
	Services	Fabrication	Shipyard	Eliminations	Total	Services	Fabrication	Shipyard	Eliminations	Total
Fixed-price and unit-rate	$ 172	$ 12,189	$ 1,347	$ (8)	$ 13,700	$ 627	$ 13,399	$ 382	$ (2)	$ 14,406
T&M and cost-reimbursable	20,542	27,473	—	—	48,015	22,828	1,342	—	—	24,170
Other	873	—	—	(420)	453	1,015	—	—	(265)	750

Total	$ 21,587	$ 39,662	$ 1,347	$ (428)	$ 62,168	$ 24,470	$ 14,741	$ 382	$ (267)	$ 39,326
Long-term	$ 172	$ 38,708	$ 1,347	$ (8)	$ 40,219	$ 627	$ 13,508	$ 382	$ (2)	$ 14,515
Short-term	21,415	954	—	(420)	21,949	23,843	1,233	—	(265)	24,811
Total	$ 21,587	$ 39,662	$ 1,347	$ (428)	$ 62,168	$ 24,470	$ 14,741	$ 382	$ (267)	$ 39,326

	Six Months Ended June 30, 2024				
	Services	Fabrication	Shipyard	Eliminations	Total
Fixed-price and unit-rate	$ 763	$ 32,557	$ 445	$ (3)	$ 33,762
T&M and cost-reimbursable	46,316	3,308	—	—	49,624
Other	1,222	—	—	(465)	757
Total	$ 48,301	$ 35,865	$ 445	$ (468)	$ 84,143
Long-term	$ 763	$ 33,614	$ 445	$ (3)	$ 34,819
Short-term	47,538	2,251	—	(465)	49,324
Total	$ 48,301	$ 35,865	$ 445	$ (468)	$ 84,143

	Six Months Ended June 30, 2023				
	Services	Fabrication	Shipyard	Eliminations	Total
Fixed-price and unit-rate	$ 799	$ 25,588	$ 1,729	$ (10)	$ 28,106
T&M and cost-reimbursable	43,370	28,815	—	—	72,185
Other	1,888	—	—	(685)	1,203
Total	$ 46,057	$ 54,403	$ 1,729	$ (695)	$ 101,494
Long-term	$ 799	$ 52,216	$ 1,729	$ (10)	$ 54,734
Short-term	45,258	2,187	—	(685)	46,760
Total	$ 46,057	$ 54,403	$ 1,729	$ (695)	$ 101,494

Future Performance Obligations

The following table summarizes our remaining performance obligations, disaggregated by operating segment and contract type, at March 31, 2024 June 30, 2024 (in thousands):

	March 31, 2024				June 30, 2024			
	Services	Fabrication	Shipyard(1)	Total	Services	Fabrication	Shipyard(1)	Total

Fixed-price and unit-rate	$	437	$	12,873	$	577	$	13,887	$	62	$	11,410	$	617	$	12,089
T&M and cost-reimbursable		—		—		—		—		—		346		—		346
Total(2)	$	437	$	12,873	$	577	$	13,887	$	62	$	11,756	$	617	$	12,435

(1) Future performance obligations for our Shipyard Division relate to potential repairs and rework during the warranty periods for the our Ferry Projects. See *"Changes in Project Estimates"* below for further discussion of the warranty periods for the our Ferry Projects.

(2) We expect all of our performance obligations at March 31, 2024 June 30, 2024, to be recognized as revenue during 2024. Certain factors a circumstances could result in changes in the timing of recognition of our performance obligations as revenue and the amounts ultimately recognized

Contracts Assets and Liabilities

The timing of customer invoicing and recognition of revenue using the POC method may occur at different times. Customer invoicing is generally dependent upon contractual billing terms, which could provide for customer payments in advance of performing the work, milestone billings based on the completion of certain phases of the work, or billings when services are provided. Revenue recognized in excess of amounts billed is reflected as contract assets on our Balance Sheet, or to the extent we have an unconditional right to the consideration, is reflected as contract receivables on our Balance Sheet. Amounts billed in excess of revenue recognized, and accrued contract losses, are reflected as contract liabilities on our Balance Sheet. Information with respect to contracts that were incomplete at March 31, 2024 June 30, 2024 and December 31, 2023, is as follows (in thousands):

	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
Contract assets(1), (2)	$	4,905	$	2,739	$	2,221	$	2,739
Contract liabilities(3), (4), (5)		(1,740)		(5,470)		(4,129)		(5,470)
Contracts in progress, net	$	3,165	$	(2,731)	$	(1,908)	$	(2,731)

(1) The increase decrease in contract assets from December 31, 2023 to March 31, 2024 June 30, 2024, was primarily due to increased lower unbilled positions on various projects for our Fabrication Division.

(2) Contract assets at March 31, 2024 June 30, 2024 and December 31, 2023, excluded $5.8 4.4 million and $6.0 million, respectively, associated with revenue recognized in excess of amounts billed for which we have an unconditional right to the consideration. Such amounts are reflected within contract receivables. The decrease from December 31, 2023 to March 31, 2024 June 30, 2024, was primarily due to the net impact of lower unbilled positions on various customers projects for our Services Division.

(3) The decrease in contract liabilities from December 31, 2023 to March 31, 2024 June 30, 2024, was primarily due to a decrease in lower adva billings on various projects for our Fabrication Division.

(4) Revenue recognized during the three months ended June 30, 2024 and 2023, from amounts included in our contract liabilities balance at March 31, 2024 and 2023 related to was $0.8 million and $2.3 million, respectively. Revenue recognized during the six months ended June 30, 2024 and 2023, from amounts included in our contract liabilities balance at December 31, 2023 and 2022 was $4.2 4.6 million and $6.0 6.1 million, respectively.

(5) Contract liabilities at March 31, 2024 June 30, 2024 and December 31, 2023, includes accrued contract losses of $0.3 0.4 million and $0.4 million, respectively, primarily related to projects our Ferry Projects for our Shipyard Division. See "*Changes in Project Estimates*" below for further discussion of our accrued contract losses.

Allowance for Doubtful Accounts and Credit Losses

Our provision for bad debts and credit losses is included in other (income) expense, net on our Statement of Operations, and for the three and six months ended March 31, 2024 and 2023, June 30, 2024, was not significant. For each of the three and six months ended June 30, 2023, we recognized income of $0.2 million associated with revisions to our allowance for doubtful accounts and credit losses. Our allowance for doubtful accounts and credit losses at March 31, 2024 June 30, 2024 and December 31, 2023, was $0.2 million and $0.2 million, respectively. We had no significant write-offs or recoveries of previously recorded bad debts during the three or six months ended March 31, 2024 June 30, 2024 or 2023. See *"New Accounting Standards"* in Note 1 for discussion of our adoption of ASU 2016-13.

Variable Consideration

For the three and six months ended March 31, 2024 June 30, 2024 and 2023, we had no material amounts in revenue related to unapproved change orders, claims or incentives. However, at December 31, 2023, certain active projects for our Shipyard Division reflected a reduction to our estimated contract price for liquidated damages of $1.4 million.

Changes in Project Estimates

We determine the impact of changes in estimated margins on projects for a given period by calculating the amount of revenue recognized in the period that would have been recognized in a prior period had such estimated margins been forecasted in the prior period. The total impact of changes in estimated margins for a project as disclosed on a quarterly basis may be different from the applicable year-to-date impact due to the application of the POC method and the changing progress of the project at each period end. Such impacts may also be different when a project is commenced and completed within the applicable year-to-date period but spans multiple quarters.

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– For the three and six months ended March 31, 2024 and 2023, June 30, 2024, individual projects with significant changes in estimated margins did not have a material net impact on our operating results. The status of projects in backlog at March 31, 2024 June 30, 2024, which have previously experienced material changes in estimates, is as follows:

- *Seventy-Vehicle Ferry Project* – As discussed in our 2023 Financial Statements, as of December 31, 2023, we had completed, delivered and received final customer acceptance of our seventy-vehicle ferry. The warranty period for the vessel ends in the third quarter 2024. The project would experience further losses if we incur unanticipated warranty costs on the vessel.

- *Forty-Vehicle Ferry Projects* – As discussed in our 2023 Financial Statements, as of December 31, 2023, we had completed, delivered and received final customer acceptance of the first of two forty-vehicle ferries, and had substantially completed and delivered our second forty-vehicle ferry. During the first quarter 2024, we received final customer acceptance of the second ferry. The warranty periods period for the first vessel ends ended in the second quarter 2024 and the warranty period for the second vessel ends in the first quarter 2025. The projects second project would experience further losses if we incur unanticipated warranty costs on the vessels. second vessel.

  As discussed in our 2023 Financial Statements, as a result of design deficiencies, we experienced rework, construction and commissioning challenges on the two ferries, resulting in previous cost increases and liquidated damages, and the previous need to fabricate a new hull for one of the second vessel. vessels. Accordingly, during 2021, we submitted claims to our customer and intend to pursue a lawsuit, to extend our project schedules and recover the cost impacts of the design deficiencies. The customer denied all liability. liability for the design deficiencies. Further, in accordance with contract requirements and North Carolina law, in July 2024, we submitted our finalized claim to the customer, who is in the process of reviewing and analyzing the claim. Our forecasts at March 31, 2024 June 30, 2024 do not reflect potential future benefits, if any, from the favorable resolution of the lawsuit claim and we can provide no assurance that we will be successful in recovering previously incurred costs.

Changes in Estimates for 2023 – For each of the three and six months ended June 30, 2023, significant changes in estimated margins on projects negatively impacted operating results for our Shipyard Division by $0.8 million. The changes in estimates were associated with the following:

- *Seventy-Vehicle Ferry Project* – For each of the three and six months ended June 30, 2023, our operating results were negatively impacted by $0.6 million from changes in estimates on our seventy-vehicle ferry project, associated primarily with increased subcontracted services and duration related costs due to extensions of schedule, including forecast liquidated damages. The impacts were primarily due to subcontractor delays.
- *Forty-Vehicle Ferry Projects* – For each of the three and six months ended June 30, 2023, our operating results were negatively impacted by $0.2 million from changes in estimates on one of our forty-vehicle ferry projects, associated primarily with increased subcontracted services and duration related costs due to extensions of schedule, including forecast liquidated damages. The impacts were primarily due to delays in the receipt of certain equipment that required replacement and subcontractor delays.

Other Operating and Project Matters

During 2021, our operations were impacted by Hurricane Ida, which made landfall near Houma, Louisiana as a high-end Category 4 hurricane, causing debris and damage to our buildings and equipment at our Houma Facilities.

Fabrication Division Impacts – As of December 31, 2023, we had finalized all claims associated with our property and equipment insurance coverages, and at December 31, 2023, we had total insurance receivables on our Balance Sheet of $2.0 million. During the three six months ended March 31, 2024 June 30, 2024 and 2023, we received insurance payments of $2.0 million and $0.7 million, respectively, from our insurance carriers associated with interruptions to our operations and damage to buildings and equipment. The classification of insurance proceeds within our Statement of Cash Flows is based on our use or intended use of the proceeds. Proceeds used or intended to be used for repairs that are not deemed to be capital in nature, and proceeds associated with interruptions to our operations, are reflected within operating activities. Proceeds used or intended to be used for repairs that are deemed capital in nature, or proceeds in excess of repair costs, are reflected within investing activities.

During the three six months ended March 31, 2023 June 30, 2023, we recorded gains of $0.2 million (associated with our business interruption coverage) related to the net impact of insurance recoveries and costs associated with damage previously caused by Hurricane Ida. The gains are included in other (income) expense, net on our Statement of Operations and are reflected within our Fabrication Division.

Shipyard Division Impacts – In addition to damage to our Houma Facilities, the storm resulted in damage to one of our forty-vehicle ferry projects, the multi-purpose supply vessels ("MPSV(s)") and associated equipment that were previously in our possession and subject to our previous MPSV Litigation, and certain bulkheads where the vessels were moored. During each of the three and six months ended March 31, 2023 June 30, 2023, we recorded charges of $0.1 0.3 million related to actual costs incurred. The charges are included in other (income) expense, net on our Statement of Operations and are reflected within our Shipyard Division. See Note 4 for further discussion of the resolution of our MPSV Litigation.

3. CREDIT FACILITIES AND DEBT

LC Facility

On May 3, 2024, we amended our LC Facility to extend its maturity date to June 30, 2026. The LC Facility provides for up to $10.0 million of letters of credit, subject to our cash securitization of the letters of credit, and at March 31, 2024 June 30, 2024, we had $1.5 million of outstanding letters of credit under the LC Facility. Commitment fees on the unused portion of the LC Facility are 0.4% per annum and interest on outstanding letters of credit is 1.5% per annum. See Note 4 for further discussion of our letters of credit and associated security requirements.

Surety Bonds

We issue surety bonds in the ordinary course of business to support our projects and certain of our insurance coverages. At March 31, 2024 June 30, 2024, we had $52.5 50.0 million of outstanding surety bonds, of which $45.6 million relates to our Ferry Projects for our Shipyard Division (which will terminate upon expiration of the warranty periods for the projects) and $6.9 4.4 million relates to our Fabrication Division contracts and certain of our insurance coverages. See Note 2 for further discussion of the warranty periods for the our Ferry Projects and Note 4 for further discussion of our surety bonds and related indemnification obligations.

Note Agreement

In connection with the resolution of our MPSV Litigation and the Settlement Agreement, on November 6, 2023, we entered into a promissory note ("Note Agreement") with one of our Sureties (Fidelity & Deposit Company of Maryland ("FDC") and Zurich American

Insurance Company (together with FDC, "Zurich")), pursuant to which we will pay Zurich $20.0 million. The Note Agreement bears interest at a fixed rate of 3.0% per annum commencing on January 1, 2024, with principal and interest payable in 15equal annual installments of approximately $1.7 million, beginning on December 31, 2024 and ending on December 31, 2038.Future annual principal maturities under the Note Agreement are as follows (in thousands):

		Principal Maturities
2024	$	1,075
2025		1,108
2026		1,141
2027		1,175
2028		1,210
Thereafter		14,291
Total maturities(1), (2)	$	20,000

(1) At March 31, 2024 June 30, 2024, the estimated present value of the Note Agreement amount was $13.0 13.4 million based on an estimated market rate of interest.

(2) Due to the forbearance of interest until January 1, 2024, the effective rate on the Note Agreement is 2.9% per annum.

See Note 4 for further discussion of the resolution of our MPSV Litigation and the Settlement Agreement.

Mortgage Agreement

We have a multiple indebtedness mortgage arrangement ("Mortgage Agreement") with Zurich to secure our obligations and liabilities under the Note Agreement and our general indemnity agreement with Zurich associated with an outstanding surety bond for our forty-vehicle ferry projects. The Mortgage Agreement, as amended, encumbers all real estate associated with the Houma Facilities, includes certain covenants and events of default, and requires that 50 percent of the net proceeds (as defined by the Mortgage Agreement) received by us in excess of $8.0 million from the sale of any real estate of our Houma Facilities be used to make early payments on the principal balance under the Note Agreement. The Mortgage Agreement will terminate when the obligations and liabilities of Zurich associated with the outstanding surety bond for the forty-vehicle ferry projects are discharged and the Note Agreement is repaid. See *"Note Agreement"* above for further discussion of the Note Agreement and Note 2 for further discussion of our forty-vehicle ferry projects.

Insurance Finance Arrangements

In connection with the renewal of our property and equipment insurance coverages during 2022, and general liability insurance coverages during the first quarter 2023, we entered into short-term premium finance arrangements ("Insurance Finance Arrangements"). The property and equipment arrangement totaled $2.4 million, payable in ten equal monthly installments through March 2023, with interest at a fixed rate of 4.3% per annum. The general liability arrangement totaled $0.5 million, payable in eight equal monthly installments through August 2023, with interest at a fixed rate of 6.6% per annum. We considered the transactions to be non-cash financing activities, with the initial financed amount reflected within accrued expenses and other liabilities, and a corresponding asset reflected within prepaid expenses and other assets, on our Balance Sheet. During the three six months ended March 31, 2023 June 30, 2023, we made principal payments of $1.0 1.1 million, which have been reflected as a financing activity on our Statement of Cash Flows.

4. COMMITMENTS AND CONTINGENCIES

Routine Legal Proceedings

We are subject to various routine legal proceedings in the normal conduct of our business, primarily involving commercial disputes and claims, workers' compensation claims, and claims for personal injury under general maritime laws of the U.S. and the Jones Act. While the outcome of these legal proceedings cannot be predicted with certainty, we believe that the outcome of any such proceedings, even if determined adversely, would not have a material adverse effect on our financial position, results of operations or liquidity.

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Resolution of MPSV Litigation

On March 19, 2018, our subsidiary, Gulf Island Shipyards, LLC ("GIS"), received termination notices from its customer, Hornbeck Offshore Services, LLC ("Hornbeck"), of the contracts for the construction of two MPSVs. GIS disputed the purported terminations and disagreed with Hornbeck's reasons for such terminations. In connection with such purported terminations, Hornbeck also made claims against the performance bonds issued by Zurich in connection with the construction of the MPSVs, for which the face amount of the bonds totaled $50.0 million ("Performance Bonds"). On October 2, 2018, GIS filed a lawsuit against Hornbeck to enforce its rights and remedies under the applicable construction contracts for the two MPSVs. The lawsuit was filed in the Twenty-Second Judicial District Court for the Parish of St. Tammany, State of Louisiana and was styled Gulf Island Shipyards, LLC v. Hornbeck Offshore Services, LLC, bearing docket number 2018-14861 ("MPSV Litigation"). Hornbeck subsequently asserted counterclaims against GIS and Zurich seeking damages.

On October 4, 2023, the MPSV Litigation was dismissed in full with prejudice at the request of the parties after the parties reached an agreement in principle. In addition, on November 6, 2023, GIS and the Company entered into an agreement ("Settlement Agreement") with Zurich pursuant to which Zurich released GIS and the Company from all of their obligations under the Performance Bonds and the associated general indemnity agreements relating to the Performance Bonds, and we agreed to release possession of the MPSVs to Zurich, which occurred in the fourth quarter 2023. Further, we entered into the Note Agreement. See Note 3 for further discussion of the Note Agreement.

As a result of the resolution of the MPSV Litigation, during the third quarter 2023, we recorded a charge of $32.5 million, consisting of (i) a $12.5 million non-cash charge associated with the write-off of a noncurrent net contract asset related to the MPSV construction contracts, and (ii) a $20.0 million charge associated with recording a liability resulting from the Settlement Agreement and Note Agreement. The charge was reflected as a reduction to previously recognized revenue on the MPSV construction contracts and the liability is reflected as current and long-term debt on our Balance Sheet at March 31, 2024 June 30, 2024 and December 31, 2023.

Insurance

We maintain insurance coverage for various aspects of our business and operations. However, we may be exposed to future losses due to coverage limitations and our use of deductibles and self-insured retentions for our exposures related to property and equipment damage, builder's risk, third-party liability and workers' compensation and USL&H claims. In connection with During the second quarter 2024 and 2023, we reviewed our insurance coverage renewal options for our property and equipment during the second quarter 2023, we and determined that the benefits of maintaining insurance such coverage for our property and equipment were limited due to high premium costs and deductibles and increased coverage limitations. Accordingly, we did not renew all of our property and equipment coverage and are now generally self-insured for exposures resulting from any future damage to our property and equipment.

To the extent we have insurance coverage, we do not have an offset right for liabilities in excess of any deductibles and self-insured retentions. Accordingly, we have recorded a liability for estimated amounts in excess of our deductibles and retentions, and have recorded a corresponding asset related to estimated insurance recoveries, on our Balance Sheet. Further, to the extent we are self-insured, reserves are recorded based upon our estimates, with input from legal and insurance advisors. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change.

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Letters of Credit and Surety Bonds

We obtain letters of credit under our LC Facility or surety bonds from financial institutions to provide to our customers in order to secure advance payments or guarantee performance under our contracts, or in lieu of retention being withheld on our contracts. Letters of credit under our LC Facility are subject to cash securitization of the full amount of the outstanding letters of credit. In the event of non-performance under a contract, our cash securitization with respect to the letter of credit supporting such contract would become the property of Whitney Bank. With respect to surety bonds, payments by a Surety pursuant to a bond in the event of non-performance are subject to reimbursement to such Surety by us under a general indemnity agreement relating to such bond. Such indemnification obligations may include the face amount of the surety bond, or portions thereof, as well as other reimbursable items such as interest and certain investigative expenses and legal fees of the Surety. Such indemnification obligations would require us to use our cash, cash equivalents or short-term investments, and we may not have sufficient liquidity to satisfy such indemnification obligations. When a contract is complete, the contingent obligation terminates, and letters of credit or surety bonds are returned. See Note 3 for further discussion of our LC Facility and surety bonds.

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Environmental Matters

Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations, as well as the laws of other countries, that establish health and environmental quality standards. These standards, among others, relate to air and water pollutants and the management and disposal of hazardous substances and wastes. We are exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such pollutants, substances or wastes. In connection with the historical operation of our facilities, including those associated with acquired operations, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. We believe we are in compliance, in all material respects, with environmental laws and regulations and maintain insurance coverage to mitigate exposure to environmental liabilities. We do not believe any environmental matters will have a material adverse effect on our financial condition, results of operations or cash flow.

Leases

We maintain operating leases for our corporate office and certain operating facilities and equipment. See Note 1 for further discussion of our leases.

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5. INCOME (LOSS) PER SHARE AND SHAREHOLDERS' EQUITY

Income (Loss) Per Share

The following table presents the computation of basic and diluted income per share for the three and six months ended March 31, 2024 June 30, 2024 and 2023 (in thousands, except per share data):

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Numerator:						
Net income	$ 6,240	$ 641	$ 1,889	$ 1,102	$ 8,129	$ 1,743
Denominator:						
Weighted average basic shares	16,215	15,994	16,415	16,201	16,315	16,098
Effect of dilutive share-based awards	540	365	449	148	495	256
Weighted average diluted shares	16,755	16,359	16,864	16,349	16,810	16,354
Basic income per share	$ 0.38	$ 0.04	$ 0.12	$ 0.07	$ 0.50	$ 0.11
Diluted income per share	$ 0.37	$ 0.04	$ 0.11	$ 0.07	$ 0.48	$ 0.11

Shareholders' Equity

On December 1, 2023, our Board approved a share repurchase program ("Share Repurchase Program") authorizing the repurchase of up to $5.0 million of our outstanding common stock, effective from December 15, 2023 through December 15, 2024. The timing and amount of any share repurchases is at the discretion of management and may be made from time to time through transactions in the open market, in privately negotiated transactions or by other means in accordance with applicable laws. The Share Repurchase Program does not obligate us to repurchase any shares of common stock and may be modified, increased, suspended or terminated at the discretion of our Board.

During the three six months ended March 31, 2024 June 30, 2024, we repurchased 60,860 shares of our common stock for $0.3 million, and at March 31, 2024 June 30, 2024, we had remaining authorization to purchase $4.6 million under the Share Repurchase Program.

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6. OPERATING SEGMENTS

We currently operate and manage our business through three operating divisions ("Services", "Fabrication" and "Shipyard") and one non-operating division ("Corporate"), which represent our reportable segments. Our three operating divisions and Corporate Division are discussed below.

Services Division – Our Services Division provides maintenance, repair, construction, scaffolding, coatings, welding enclosures, cleaning and environmental and other specialty services on offshore platforms and inland structures and at industrial facilities; provides services required to connect production equipment and service modules and equipment on offshore platforms; provides project management and commissioning services; provides industrial staffing services; and performs municipal and drainage projects, including pump stations, levee reinforcement, bulkheads and other public works. Our services activities are managed from our various Facilities.

Fabrication Division – Our Fabrication Division fabricates modules, skids and piping systems for onshore refining, petrochemical, LNG and industrial facilities and offshore facilities; fabricates foundations, secondary steel components and support structures for alternative energy developments and coastal mooring facilities; fabricates offshore production platforms and associated structures, including jacket foundations, piles and topsides for fixed production and utility platforms, as well as hulls and topsides for floating production and utility platforms; and fabricates other complex steel structures and components. Our fabrication activities are performed at our Houma Facilities.

Shipyard Division – Our Shipyard Division previously fabricated newbuild marine vessels and provided marine repair and maintenance services. However, during 2021, we completed the Shipyard Transaction. The Shipyard Transaction excluded the contracts and related obligations for our Ferry Projects that were under construction as of the transaction date, and excluded the contracts and related obligations for the projects that were subject to our previous MPSV Litigation, which was resolved on October 4, 2023. Construction of the Ferry Projects was performed at our Houma Facilities and the wind down of our remaining Shipyard Division operations was substantially completed in the fourth quarter 2023. Final completion of the wind down will occur upon completion of the warranty periods for the Ferry Projects, the last of which ends in the first quarter 2025. At March 31, 2024 June 30, 2024 and December 31, 2023, the net operating liabilities on our Balance Sheet associated with our Shipyard Division operations totaled $1.8 1.4 million and $1.4 million, respectively. See Note 1 for further discussion of the Shipyard Transaction, Note 2 for further discussion of our Ferry Projects and Note 4 for further discussion of the resolution of our MPSV Litigation.

Corporate Division and Allocations – Our Corporate Division includes costs that do not directly relate to our operating divisions. Such costs include, but are not limited to, costs of maintaining our corporate office, executive management salaries and incentives, board of directors' fees, certain insurance costs and costs associated with overall corporate governance and reporting requirements for a publicly traded company. Shared resources and costs that benefit more than one operating division are allocated amongst the operating divisions based on each operating division's estimated share of the benefit received. Such costs include, but are not limited to, human resources, insurance, information technology, accounting, business development and certain division leadership.

Segment Results – We generally evaluate the performance of, and allocate resources to, our divisions based upon gross profit or loss and operating income or loss. Segment assets are comprised of all assets attributable to each division. Intersegment revenues are priced at the estimated fair value of work performed. Summarized financial information for our segments as of March 31, 2024 June 30, 2024 and 2023, and for the three and six months ended March 31, 2024 June 30, 2024 and 2023, is as follows (in thousands):

	Three Months Ended March 31, 2024					Three Months Ended June 30, 2024				
	Services	Fabrication	Shipyard	Corporate	Consolidated	Services	Fabrication	Shipyard	Corporate	Consolidated
Revenue	$ 25,534	$ 17,138	$ 409	$ (200)	$ 42,881	$ 22,767	$ 18,727	$ 36	$ (268)	$ 41,262
Gross profit	3,613	2,192	319	—	6,124	2,888	1,239	31	—	4,158
Operating income (loss)	2,867	4,721	342	(2,222)	5,708	2,189	1,129	9	(2,044)	1,283
Depreciation and amortization expense	480	635	—	78	1,193	486	674	—	80	1,240
Capital expenditures	294	2,259	—	—	2,553	373	640	—	—	1,013
Total assets(1)	28,228	33,172	541	65,817	127,758	26,179	39,449	541	67,094	133,263

	Three Months Ended March 31, 2023					Three Months Ended June 30, 2023				
	Services	Fabrication	Shipyard	Corporate	Consolidated	Services	Fabrication	Shipyard	Corporate	Consolidated
Revenue	$ 21,587	$ 39,662	$ 1,347	$ (428)	$ 62,168	$ 24,470	$ 14,741	$ 382	$ (267)	$ 39,326
Gross profit (loss)	2,987	2,462	(415)	—	5,034	4,101	1,564	(1,184)	—	4,481
Operating income (loss)	2,341	2,244	(2,203)	(2,054)	328	3,269	1,295	(1,948)	(1,867)	749

Depreciation and amortization expense	442	822	—	69	1,333	496	825	—	71	1,392
Capital expenditures	264	213	—	10	487	244	325	—	—	569
Total assets(1)	29,404	55,801	14,634	49,211	149,050	31,030	47,320	14,020	44,123	136,493

	Six Months Ended June 30, 2024				
	Services	Fabrication	Shipyard	Corporate	Consolidated
Revenue	$ 48,301	$ 35,865	$ 445	$ (468)	$ 84,143
Gross profit	6,501	3,431	350	—	10,282
Operating income (loss)	5,056	5,850	351	(4,266)	6,991
Depreciation and amortization expense	966	1,309	—	158	2,433
Capital expenditures	667	2,899	—	—	3,566
Total assets(1)	26,179	39,449	541	67,094	133,263

	Six Months Ended June 30, 2023				
	Services	Fabrication	Shipyard	Corporate	Consolidated
Revenue	$ 46,057	$ 54,403	$ 1,729	$ (695)	$ 101,494
Gross profit (loss)	7,088	4,026	(1,599)	—	9,515
Operating income (loss)	5,610	3,539	(4,151)	(3,921)	1,077
Depreciation and amortization expense	938	1,647	—	140	2,725
Capital expenditures	508	538	—	10	1,056
Total assets(1)	31,030	47,320	14,020	44,123	136,493

(1) Cash and short-term investments are reported within our Corporate Division.

7. SUBSEQUENT EVENTS

On May 3, 2024, we amended our LC Facility. See Note 3 for further discussion of our LC Facility and the amendment.

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

The following *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* is provided to assist readers in understanding our financial performance during the periods presented and significant trends that may impact our future performance. This discussion should be read in conjunction with our Financial Statements and the related notes thereto. References to *"Notes"* relate to the

Notes to our Financial Statements in Item 1. References to "*"nm"* relate to percentage references that are not considered meaningful. Certain terms are defined in the *"Glossary of Terms"* beginning on page ii.

Cautionary Statement on Forward-Looking Information

This Report contains forward-looking statements in which we discuss our potential future performance, operations and projects. Forward-looking statements, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, are all statements other than statements of historical facts, such as projections or expectations relating to operating results; diversification and entry into new end markets; improvement of risk profile; industry outlook; oil and gas prices; timing of investment decisions and new project awards; cash flows and cash balance; capital expenditures; tax rates; implementation of our share repurchase program; liquidity; and execution of strategic initiatives. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential" and any similar expressions are intended to identify those assertions as forward-looking statements. The timing and amount of any share repurchases will be at the discretion of management and will depend on a variety of factors including, but not limited to, our operating performance, cash flow and financial position, the market price of our common stock and general economic and market conditions. The share repurchase program may be modified, increased, suspended or terminated at any time at the Board's discretion.

We caution readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements include: supply chain disruptions, inflationary pressures, economic slowdowns and recessions, natural disasters, public health crises, labor costs and geopolitical conflicts, and the related volatility in oil and gas prices and other factors impacting the global economy; cyclical nature of the oil and gas industry; competition; reliance on significant customers; competitive pricing and cost overruns on our projects; performance of subcontractors and dependence on suppliers; timing and our ability to secure and commence execution of new project awards, including fabrication projects for refining, petrochemical, LNG, industrial and sustainable energy end markets; our ability to maintain and further improve project execution; nature of our contract terms and customer adherence to such terms; suspension or termination of projects; changes in contract estimates; customer or subcontractor disputes; operating dangers, weather events and availability and limits on insurance coverage; operability and adequacy of our major equipment; our ability to raise additional capital; our ability to amend or obtain new debt financing or credit facilities on favorable terms; our ability to generate sufficient cash flow; our ability to resolve any material legal proceedings; our ability to execute our share repurchase program and enhance shareholder value; our ability to obtain letters of credit or surety bonds and ability to meet any indemnification obligations thereunder; consolidation of our customers; financial ability and credit worthiness of our customers; adjustments to previously reported profits or losses under the percentage-of-completion method; our ability to employ a skilled workforce; loss of key personnel; utilization of facilities or closure or consolidation of facilities; failure of our safety assurance program; barriers to entry into new lines of business; weather impacts to operations; any future asset impairments; changes in trade policies of the U.S. and other countries; compliance with regulatory and environmental laws; lack of navigability of canals and rivers; systems and information technology interruption or failure and data security breaches; performance of partners in any future joint ventures and other strategic alliances; shareholder activism; and other factors described under "Risk Factors" in Part I, Item 1A of our 2023 Annual Report and as may be further updated by subsequent filings with the SEC.

Additional factors or risks that we currently deem immaterial, that are not presently known to us or that arise in the future could also cause our actual results to differ materially from our expected results. Given these uncertainties, investors are cautioned that many of the assumptions upon which our forward-looking statements are based are likely to change after the date the forward-looking statements are made, which we cannot control. Further, we may make changes to our business plans that could affect our results. We caution investors that we undertake no obligation to publicly update or revise any forward-looking statements, which speak only as of the date made, for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise, and notwithstanding any changes in our assumptions, changes in business plans, actual experience or other changes.

Overview

We are a leading fabricator of complex steel structures and modules and provider of specialty services, including project management, hookup, commissioning, repair, maintenance, scaffolding, coatings, welding enclosures, civil construction and staffing cleaning and environmental services to the industrial and energy sectors. Our customers include U.S. and, to a lesser extent, international energy producers; refining, petrochemical, LNG, industrial and power operators; and EPC companies. We currently operate and manage our business through three operating divisions ("Services", "Fabrication" and "Shipyard") and one non-operating division ("Corporate"), which represent our reportable segments. Our corporate headquarters is located in The Woodlands, Texas and our primary operating facilities are located in Houma, Louisiana ("Houma Facilities"). See Note 6 for further discussion of our reportable segments.

During 2021, we sold our Shipyard Division operating assets and certain construction contracts ("Shipyard Transaction"). The Shipyard Transaction excluded the contracts and related obligations for our seventy-vehicle ferry and two forty-vehicle ferry projects (collectively, "Ferry Projects") that were under construction as of the transaction date, and excluded the contracts and related obligations for the projects that were subject to our previous MPSV Litigation, which was resolved on October 4, 2023. The wind down of our remaining Shipyard Division operations was substantially completed in the fourth quarter 2023. Final completion of the wind down will occur upon completion of the warranty periods for the Ferry Projects, the last of which ends in the first quarter 2025. See Note 2 for further discussion of our Ferry Projects, Note 4 for further discussion of the resolution of our MPSV Litigation and Note 6 for further discussion of the wind down of our Shipyard Division operations.

Impacts of Oil and Gas Price Volatility and Macroeconomic Conditions on Operations

For over a decade, prices of oil and gas have experienced significant volatility, including depressed prices over extended periods, which negatively impacted our end markets and operating results. Beginning in 2020, the The global coronavirus pandemic ("COVID-19") added another layer of pressure and uncertainty on oil and gas prices (with oil prices reaching a twenty-year low and gas prices reaching a four-year low in 2020), which further negatively impacted certain of our end markets through the first quarter 2022. This volatility in oil and gas prices was compounded by Russia's invasion of Ukraine in February 2022 (and the related European energy crisis), and the U.S. and other countries actions in response, as well as continued inflationary pressures, resulting in elevated energy prices (with oil prices reaching an eight-year high and gas prices reaching a fourteen-year high in 2022), which positively impacted certain of our end markets. While oil and gas prices declined in 2023, prices have somewhat stabilized, but the duration of such stability is uncertain and difficult to predict, particularly in light of geopolitical turmoil and uncertainty.

In addition, global economic factors that are beyond our control, have and could continue to impact our operations, including, but are not limited to, labor constraints, supply chain disruptions, inflationary pressures, economic slowdowns and recessions, natural disasters, public health crises, and geopolitical conflicts.

The ultimate business and financial impacts of oil and gas price volatility and macroeconomic conditions on our business and results of operations continues to be uncertain, but the impacts have included, or may continue to include, among other things, reduced bidding activity; suspension or termination of backlog; deterioration of customer financial condition; and unanticipated project costs and schedule delays due to supply chain disruptions, labor and material price increases, lower labor productivity, increased employee and contractor absenteeism and turnover, craft labor hiring challenges, increased safety incidents, lack of performance by subcontractors and suppliers, and contract disputes. We continue to monitor the impacts of oil and gas price volatility and macroeconomic conditions on our operations, and our estimates in future periods will be revised for any events and changes in circumstances arising after the date of this Report. See Note 1 for further discussion of the impacts of oil and gas price volatility and macroeconomic conditions and Note 2 for further discussion of the impacts of the aforementioned on our projects.

Other Impacts to Operations

Hurricane Ida – During 2021, our operations were impacted by Hurricane Ida. During the three six months ended March 31, 2024 June 30, 2024 and 2023, we received insurance payments associated with our insurance coverages, and during the three six months ended March 31, 2023 June 30, 2023, we recorded gains for our Fabrication Division related to the net impact of insurance recoveries and costs associated with such damage. See Note 2 for further discussion of the impacts of Hurricane Ida.

Offshore Jackets Project – During 2022, we were awarded a large contract for the fabrication of offshore jackets for our Fabrication Division. In February 2023, we received direction from our customer to suspend all activities on the project, and in July 2023, the customer canceled the contract.

Ferry Projects – During 2023 and 2022, we experienced construction challenges and cost increases on our Ferry Projects for our Shipyard Division. See Note 2 for further discussion of our Ferry Projects.

MPSV Litigation – In October During the fourth quarter 2023, we resolved our MPSV Litigation. In addition, we entered into the Settlement Agreement and Note Agreement. See Note 3 for further discussion of our the Note Agreement and Note 4 for further discussion of the resolution of our MPSV Litigation and the Settlement Agreement.

Houma AHFS – In February During the first quarter 2024, we sold certain excess real property (consisting of land and buildings) of our Fabrication Division that was part of our Houma Facilities, resulting in a gain for the three six months ended March 31, 2024 June 30, 2024. The property sold was classified as an asset held for sale ("Houma AHFS") on our Balance Sheet at December 31, 2023. See Note 1 for further discussion of the sale of our Houma AHFS.

Initiatives to Improve Operating Results and Generate Stable, Profitable Growth

During 2020, we outlined a strategy to address our operational, market and economic challenges and position the Company to generate stable, profitable growth. Underpinning the first phase of our strategic transformation was a focus on the following initiatives:

- Mitigate the impacts of COVID-19 on our operations and workforce;
- Reduce our risk profile;
- Preserve and improve our liquidity;
- Improve our resource utilization and centralize key project resources;
- Improve our competitiveness and project execution; and

- Reduce our reliance on the offshore oil and gas construction sector and pursue new growth end markets.

With the significant progress achieved on these objectives, during 2021, we shifted our focus to the current phase of our strategic transformation, which is focused on generating stable, profitable growth. Underpinning this strategy is a focus on the following initiatives, which encompass any ongoing initiatives associated with the first phase of our strategic transformation:

- Expand our skilled workforce;
- Further improve our resource utilization;
- Further strengthen project execution and maintain bidding discipline;
- Diversify our offshore services customer base, increase our offshore services offerings and expand our services business to inclu onshore facilities along the Gulf Coast;
- Continue to pursue opportunities in our traditional offshore fabrication markets; and
- Reduce our reliance on the offshore oil and gas construction sector, pursue additional growth end markets and increase our T versus fixed price revenue mix, including:
  - Fabricating modules, piping systems and other structures for onshore refining, petrochemical, LNG and industrial facilities in core Gulf Coast region,
  - Fabricating structures in support of our customers as they transition away from fossil fuels to green energy end markets,
  - Fabricating structures that support public and private construction activities outside of energy end markets, and
  - Fabricating foundations, secondary steel components and support structures for offshore wind developments.

Progress on the Current Phase of our Strategic Transformation

Efforts to expand our skilled workforce – We are focused on ways to improve retention and enhance and add to our skilled, craft personnel, as we believe a strong workforce will be a key differentiator in pursuing new project awards given the scarcity of available skilled labor. Our acquisition of a services and industrial staffing business during 2021 nearly doubled our skilled workforce and expanded our geographic footprint. We have successfully maintained our overall headcount levels and have opportunistically looked to shift our workforce to higher margin opportunities given the industry-wide labor constraints. We continue to evaluate opportunities to expand our skilled labor headcount given the favorable demand trends, including strategic acquisitions to increase our craft labor headcount.

Efforts to further improve our resource utilization – We continue to take actions to improve our resource utilization through the rationalization and integration of our facilities and operations.

- *Completion of the wind down of our Shipyard Division operations* – During 2021, we completed the Shipyard Transaction and the wind down of our remaining Shipyard Division operations was substantially completed in the fourth quarter 2023. The wind down of our Shipyard Division operations is expected to reduce overhead costs, improve utilization and enable senior management to focus on existing and new higher-margin markets associated with our other operating divisions. See Note 1 for further discussion of the Shipyard Transaction and Note 6 for further discussion of the status of the wind down of our Shipyard Division operations.
- *Consolidation of our fabrication activities* – During 2022, we realigned our operating divisions, which included combining all of our fabrication activities within our Fabrication Division to improve utilization and operational efficiency.
- *Sale of assets* – During 2022, we sold a purchase option that was entered into in connection with a previous acquisition that

provided us with a right to buy a leased fabrication and operating facility for a nominal amount. Further, the fabrication activities previously performed at the facility were moved to our Houma Facilities to improve utilization and operational efficiency. In addition, we entered into a separate lease arrangement for a smaller and more cost-effective office and warehouse facility to accommodate our services activities performed at the previous facility.

- *Sublease of our corporate office* – During 2022, we entered into a sublease arrangement with a third-party for the remainder of our corporate office, which will partially recover our lease costs for the office for the duration of our lease. In addition, we entered into a separate lease arrangement for a smaller and more cost-effective office to accommodate our corporate activities.
- *Sale of excess property* – In the third quarter During 2023, we commenced an effort to further consolidate our fabrication operations within our Houma Facilities to reduce overhead costs, improve utilization and make our Houma AHFS available for sale. As a result of these efforts, in February during the first quarter 2024, we sold our Houma AHFS. See *"Other Impacts to Operations"* above and Note 1 for further discussion of the sale of our Houma AHFS.

Efforts to further strengthen project execution and maintain bidding discipline – We have taken, and continue to take, actions to improve our project execution by enhancing our proposal, estimating and operations resources, processes and procedures. Our actions include strategic changes in management and key personnel, the addition of functional expertise, project management training, development of a formal "lessons learned" program, and other measures designed to strengthen our personnel, processes and procedures. Further, we are taking a disciplined approach to pursuing and bidding project opportunities, putting more rigor around our bid estimates to provide greater confidence that our estimates are achievable, increasing accountability and providing incentives for the execution of projects in line with our original estimates and subsequent forecasts, and incorporating previous experience into the bidding and execution of future projects. Additionally, we are focused on managing the risks associated with long-term fixed price contracts given the unpredictability of labor availability and labor and material costs, with a priority on increasing the mix of T&M contracts in our backlog.

Efforts to diversify our offshore services customer base, increase our offshore services offerings and expand our services business to include onshore facilities along the Gulf Coast – We believe diversifying and expanding our services business will deliver a more stable revenue stream while providing underpinning work to recruit, develop and retain our craft professionals. Our acquisition of a services and industrial staffing business during 2021 accelerated our progress in this initiative and provided a stronger platform to continue such progress. Further, during 2022, we made capital and other investments to expand expanded our offshore services offering to include welding enclosures, which provide a safe environment for welding, cutting and burning without the need to shut down operations. Additionally, during the second quarter 2024, we expanded our offshore services offering to include cleaning and environmental services, which provides decontamination, flushing and removal of hydrocarbon residue from process equipment and piping on offshore facilities prior to the performance of maintenance, repair or decommissioning. We are also pursuing opportunities to partner with original equipment manufacturers to provide critical services to our customers along the Gulf Coast and strategic partnership opportunities with engineering companies to provide turnkey solutions.

Efforts to continue to pursue opportunities in our traditional offshore fabrication markets – We continue to fabricate structures associated with our traditional offshore markets, including subsea and associated structures. During 2022, we were awarded a large contract for the fabrication of offshore jackets; however, the project was suspended in February 2023 and canceled in July 2023. Since early 2023, we have been awarded multiple contracts for the fabrication of subsea structures, resulting from our previous strategic decision to focus our resources on the subsea fabrication market. We expect subsea fabrication activity to remain strong for the remainder of 2024 and well into 2024, 2025, associated with anticipated subsea developments in the GOM, Guyana and Brazil.

Efforts to reduce our reliance on the offshore oil and gas construction sector, pursue new growth end markets and increase our T&M versus fixed price revenue mix – While we continue to pursue opportunities in our traditional offshore markets, we are pursuing initiatives to grow our business and diversify our revenue mix.

- *Fabricate onshore modules, piping systems and structures* – We continue to focus our business development efforts on the fabrication of modules, piping systems and other structures for onshore refining, petrochemical, LNG and industrial facilities. We are having success with smaller project opportunities and our volume of bidding activity for onshore modules, piping systems and structures continues to be strong. We continue to believe that our strategic location in Houma, Louisiana and track record of quality and on-time completion of onshore modules position us well to compete in the onshore fabrication market. We intend to remain disciplined in our pursuit of future large project opportunities to ensure we do not take unnecessary risks generally associated with the long-term, fixed-price nature of such projects. The timing of any future large project opportunities may be impacted by ongoing uncertainty created by oil and gas price volatility and macroeconomic conditions. We continue to strengthen our relationships with key customers and strategic partners and enhance and rationalize our resources as discussed above. See Note 1 for further discussion of the impacts of oil and gas price volatility and macroeconomic conditions.
- *Fabricate structures in support of our customers as they transition away from fossil fuels to green energy end markets* – We believe that our expertise and capabilities provide us with the necessary foundation to fabricate steel structures in support of our customers as they transition away from fossil fuels to green energy end markets. Examples of these opportunities include refiners who are looking to process biofuels, customers looking to embrace the growing hydrogen economy, and customers using carbon capture technologies to offset their carbon footprint.
- *Fabricate structures that support public and private construction activities outside of energy end markets* – We believe our expertise and capabilities for the fabrication of steel structures will enable us to successfully serve a wide range of construction markets. Examples of these opportunities include private construction for the fabrication of structures for data centers and semiconductor manufacturing sites, public construction related to the fabrication of structures to support infrastructure spending, and federal government contracts, such as our contract to support the NASA Artemis Mobile Launcher 2 project.
- *Fabricate offshore wind foundations, secondary steel components and support structures* – We continue to believe that current initiatives, and potential future requirements, to provide electricity from renewable and green sources will result in growth of offshore wind projects. We believe that we possess the expertise to fabricate foundations, secondary steel components and support structures for this emerging market. This is demonstrated by our fabrication of wind turbine foundations for the first offshore wind project in the U.S. and the fabrication of a meteorological tower and platform for a separate offshore wind project. While we believe we have the capability to participate in this emerging market, we do not expect meaningful opportunities in the near term. near-term.

Operating Outlook

Our focus remains on securing profitable new project awards and backlog and generating operating income and cash flows, while ensuring the safety and well-being of our workforce. Our success, including achieving the aforementioned initiatives, will be determined by, among other things:

- Our ability to hire, develop, motivate and retain key personnel and craft labor to execute our projects in light of industry-wide la constraints, and maintain our expected project margins if such constraints result in labor cost increases that cannot be recovered fr our customers;
- Oil and gas prices and the level of volatility in such prices, including the impact of macroeconomic conditions, geopolitical conflicts a any current or future public health crises;
- The level of fabrication opportunities in our traditional offshore markets and the new markets that we are pursuing, including refini petrochemical, LNG and industrial facilities, green energy and offshore wind developments, and the impact of any climate rela regulations, such as the Biden administration's executive order pausing approvals for LNG exports; regulations;
- The timing of recognition of our backlog as revenue;
- Our ability to secure new project awards through competitive bidding and/or alliance and partnering arrangements;
- Our ability to execute projects within our cost estimates and successfully manage them through completion;
- The final completion of the wind down of our Shipyard Division operations, which is subject to the expiration of the warranty periods our Ferry Projects;
- Consideration of organic and inorganic opportunities for growth, including, but not limited to, mergers, acquisitions, joint ventur partnerships and other strategic arrangements, transactions and capital allocations; and
- The operability and adequacy of our major equipment.

In addition, the near-term utilization of our Fabrication Division will be impacted by the timing of new project awards and their execution, including the replacement of our canceled offshore jackets project, and our operations may continue to be impacted by inefficiencies and disruptions associated with employee turnover, craft labor hiring challenges, engineering delays, and supplier and subcontractor disruptions. Our results may also be adversely affected by (i) costs associated with the retention of certain personnel that may be temporarily under-utilized as we evaluate our resource requirements to support our future operations, (ii) investments in key personnel and process improvement efforts to support our aforementioned initiatives, and (iii) higher costs and availability of craft labor due to industry labor constraints. See Note 1 and *"Impacts of Oil and Gas Price Volatility and Macroeconomic Conditions on Operations"* above for further discussion of the impacts of oil and gas price volatility and macroeconomic conditions, *"Other Impacts to Operations"* above for further discussion of the project cancellation and Note 2 and *"Results of Operations"* below for further discussion of our project impacts.

Critical Accounting Policies

For a discussion of critical accounting policies and estimates used in the preparation of our Financial Statements, refer to "*"Management's Discussion and Analysis of Financial Condition and Results of Operations Operations"*" in Part II, Item 7 included in our 2023 Annual Report. There have been no changes to our critical accounting policies and estimates since December 31, 2023.

New Project Awards and Backlog

New project awards represent expected revenue values of new contract commitments received during a given period, including scope growth on existing commitments. A commitment represents authorization from our customer to begin work or purchase materials pursuant to a written agreement, letter of intent or other form of authorization. Backlog represents the unrecognized revenue value of our new project awards and at March 31, 2024 June 30, 2024, was consistent with the value of remaining performance obligations for our contracts required to be disclosed under Topic 606 and presented in Note 2. In general, a performance obligation is a contractual obligation to construct and/or transfer a distinct good or service to a customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. We believe that backlog, a non-GAAP financial measure, provides useful information to investors as it represents work that we are obligated to perform under our current contracts. New project awards and backlog may vary significantly each reporting period based on the timing of our major new contract commitments.

Projects in our backlog are generally subject to delay, suspension, termination, or an increase or decrease in scope at the option of the customer; however, the customer is required to pay us for work performed and materials purchased through the date of termination, suspension, or decrease in scope. Depending on the size of the project, the delay, suspension, termination or increase or decrease in scope of any one contract could significantly impact our backlog and change the expected amount and timing of revenue recognized. New project awards by Division operating segment for the three and six months ended March 31, 2024 June 30, 2024 and 2023, are as follows (in thousands):

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Services	$ 25,468	$ 21,472	$ 22,392	$ 24,330	$ 47,860	$ 45,802
Fabrication	18,272	16,706	17,610	13,438	35,882	30,144
Shipyard	278	(122)	76	(227)	354	(349)
Eliminations	(200)	(428)	(268)	(267)	(468)	(695)
Total	$ 43,818	$ 37,628	$ 39,810	$ 37,274	$ 83,628	$ 74,902

Backlog by Division operating segment at March 31, 2024 June 30, 2024 and December 31, 2023, is as follows (in thousands):

	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	Amount	Labor Hours	Amount	Labor Hours	Amount	Labor Hours	Amount	Labor Hours
Services	$ 437	3	$ 502	4	$ 62	—	$ 502	4
Fabrication	12,873	113	11,739	104	11,756	102	11,739	104
Shipyard(1)	577	—	709	1	617	—	709	1
Total(2)	$ 13,887	116	$ 12,950	109	$ 12,435	102	$ 12,950	109

(1) At March 31, 2024 June 30, 2024, backlog for our Shipyard Division relates to potential repairs and rework during the warranty periods for the (Ferry Projects. See Note 2 for further discussion of the warranty periods for the our Ferry Projects.

(2) We expect all of our backlog at March 31, 2024 June 30, 2024, to be recognized as revenue during 2024. Certain factors and circumstances co result in changes in the timing of recognition of our backlog as revenue and the amounts ultimately recognized.

Results of Operations

Comparison of the Three Months Ended March 31, 2024 June 30, 2024 and 2023 (in thousands in each table, except for percentages):

Consolidated

	Three Months Ended March 31,		Favorable (Unfavorable)	Three Months Ended June 30,		Favorable (Unfavorable)
	2024	2023	Change	2024	2023	Change
New project awards	$ 43,818	$ 37,628	$ 6,190	$ 39,810	$ 37,274	$ 2,536
Revenue	$ 42,881	$ 62,168	$ (19,287)	$ 41,262	$ 39,326	$ 1,936
Cost of revenue	36,757	57,134	20,377	37,104	34,845	(2,259)
Gross profit	6,124	5,034	1,090	4,158	4,481	(323)
Gross profit percentage	*14.3%*	*8.1%*		*10.1%*	*11.4%*	
General and administrative expense	3,484	5,067	1,583	3,354	3,736	382
Other (income) expense, net	(3,068)	(361)	2,707	(479)	(4)	475
Operating income	5,708	328	5,380	1,283	749	534
Interest (expense) income, net	542	320	222	603	340	263
Income before income taxes	6,250	648	5,602	1,886	1,089	797
Income tax (expense) benefit	(10)	(7)	(3)	3	13	(10)
Net income	$ 6,240	$ 641	$ 5,599	$ 1,889	$ 1,102	$ 787

References below to 2024 and 2023 refer to the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $43.8 million $39.8 million and $37.6 million $37.3 million, respectively. New project awards for 2024 and 2023 were primarily related to:

- Small-scale fabrication work for our Fabrication Division, and
- Offshore services work for our Services Division.

Revenue – Revenue for 2024 and 2023 was $42.9 million $41.3 million and $62.2 million $39.3 million, respectively, representing a decrease an increase of 31.0% 4.9%. The decrease increase was primarily due to:

- Lower Higher revenue for our Fabrication Division of $22.5 million $4.0 million, primarily attributable to:
  – No revenue for offshore jackets project that was canceled in July 2023, to higher small-scale fabrication activity, offset partially b
- –• Higher small-scale fabrication Lower revenue for our Services Division of $1.7 million, primarily attributable to lower offshore servi work associated with the timing of project activity, and
- Lower revenue for our Shipyard Division of $0.9 million $0.3 million, primarily attributable to our Ferry Projects, offset partially by,
- Higher revenue for our Services Division of $3.9 million, primarily attributable to higher offshore services work. Projects.

Gross profit – Gross profit for 2024 and 2023 was $6.1 million (14.3% $4.2 million (10.1% of revenue) and $5.0 million (8.1% $4.5 million (11.4% of revenue), respectively. Gross profit for 2024 was primarily impacted by:

- A strong market and demand for the services provided by our Services Division, and
- A high margin project mix for our Fabrication Division, offset partially by,
- The partial under-utilization of our facilities and resources for our Fabrication Division.

The increase decrease in gross profit for 2024 relative to 2023 was primarily due to:

- Higher Lower revenue for our Services Division, and
- A higher lower margin project mix for our Fabrication Division and Services Division, offset partially by,
- Gross profit for 2024 compared to a gross loss for 2023 for our Shipyard Division, and
- Lower property and equipment insurance costs for our Fabrication Division, offset partially by,
- Lower Higher revenue for our Fabrication Division, and
- An increase in the under-utilization Improved utilization of our facilities and resources for our Fabrication Division.

See *"Operating Segments"* below and Note 2 for discussion of our project impacts and Note 4 for further discussion of our property and equipment insurance coverages.

General and administrative expense – General and administrative expense for 2024 and 2023 was $3.5 million $3.4 million and $5.1 million $3.7 million, respectively, representing a decrease of 31.2% 10.2%. The decrease was primarily due to the to:

- The elimination of legal and advisory fees associated with our previous MPSV Litigation, which totaled $1.7 million $0.5 million for 20 and are reflected within for our Shipyard Division. Division, offset partially by,
- Higher costs associated with initiatives to diversify and enhance our business for our Corporate Division, and
- The timing of certain costs for all our divisions.

See Note 4 for further discussion of the resolution of our MPSV Litigation.

Other (income) expense, net – Other (income) expense, net for 2024 and 2023 was income of $3.1 million $0.5 million and $0.4 million less than $0.1 million, respectively. Other (income) expense, net generally represents recoveries or provisions for bad debts and credit losses, gains or losses associated with the sale or disposition of property and equipment, and income or expense associated with certain nonrecurring items. Other income for 2024 was primarily due to:

- A gain Gains of $2.9 million $0.7 million on the sale sales of our Houma AHFS excess equipment for our Fabrication Division, and
- Gains on the sales of equipment scrap materials and scrap materials other miscellaneous income items for our Fabrication Divisi offset partially by,
- Costs of $0.4 million associated with the consolidation of fabrication activities at our Houma Facilities for our Fabrication Division.

Other income for 2023 was primarily due to gains to:

- Miscellaneous income items for our Fabrication Division, offset partially by,
- Charges of $0.2 million related to the net impact of insurance recoveries and costs $0.3 million associated with damage previou caused by Hurricane Ida to buildings bulkheads and equipment at the MPSVs that were previously in our Houma Facilities possess

and subject to our previous MPSV Litigation for our Fabrication Shipyard Division.

See Note 1 for further discussion of the sale of our Houma AHFS and Note 2 for further discussion of the impacts of Hurricane Ida. Ida and Note 4 for further discussion of the resolution of our MPSV Litigation.

Interest (expense) income, net – Interest (expense) income, net for 2024 and 2023 was income of $0.5 million $0.6 million and $0.3 million, respectively. Interest (expense) income, net for both periods includes the net impact of interest earned on our cash and short-term investment balances and interest incurred on the unused portion of our LC Facility. The 2024 period also includes interest incurred on our long-term debt and the 2023 period includes interest incurred on our Insurance Finance Arrangements. The increase in income for 2024 relative to 2023 was primarily due to higher interest earned on our cash and short-term investment balances and the elimination of interest on our Insurance Finance Arrangements for the 2024 period, offset partially by interest incurred on our long-term debt for the 2024 period.

Income tax (expense) benefit – Income tax (expense) benefit for 2024 and 2023 represents state income taxes. No federal income tax expense was recorded for our income for either period as it was fully offset by the reversal of valuation allowance on our net deferred tax assets.

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Operating Segments

Services Division

	Three Months Ended March 31,		Favorable (Unfavorable)	Three Months Ended June 30,		Favorable (Unfavorable)
	2024	2023	Change	2024	2023	Change
New project awards	$ 25,468	$ 21,472	$ 3,996	$ 22,392	$ 24,330	$ (1,938)
Revenue	$ 25,534	$ 21,587	$ 3,947	$ 22,767	$ 24,470	$ (1,703)
Gross profit	3,613	2,987	626	2,888	4,101	(1,213)
Gross profit percentage	*14.1 %*	*13.8 %*		*12.7 %*	*16.8 %*	
General and administrative expense	743	710	(33)	687	792	105
Other (income) expense, net	3	(64)	(67)	12	40	28
Operating income	2,867	2,341	526	2,189	3,269	(1,080)

References below to 2024 and 2023 refer to the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $25.5 million $22.4 million and $21.5 million $24.3 million, respectively, and were primarily related to offshore services work, including new project awards associated with our welding enclosures business line.

Revenue – Revenue for 2024 and 2023 was $25.5 million $22.8 million and $21.6 million $24.5 million, respectively, representing an increase a decrease of 18.3% 7.0%. The increase decrease was primarily due to higher lower offshore services work including incremental revenue associated with our welding enclosures business line. the timing of project activity.

Gross profit – Gross profit for 2024 and 2023 was $3.6 million (14.1% $2.9 million (12.7% of revenue) and $3.0 million (13.8% $4.1 million (16.8% of revenue), respectively. The increase decrease in gross profit for 2024 relative to 2023 was primarily due to higher to:

- Lower revenue,
- A lower margin project mix, and
- Costs incurred associated with the commencement of our cleaning and environmental services business line without any associa revenue.

General and administrative expense – General and administrative expense for 2024 and 2023 was $0.7 million and $0.7 million $0.8 million, respectively, representing an increase a decrease of 4.6% 13.3%. The decrease was primarily due to cost savings and the timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2023 was income of $0.1 million.

Fabrication Division

	Three Months Ended March 31,		Favorable (Unfavorable)	Three Months Ended June 30,		Favorable (Unfavorable)
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
New project awards	$ 18,272	$ 16,706	$ 1,566	$ 17,610	$ 13,438	$ 4,172
Revenue	$ 17,138	$ 39,662	$ (22,524)	$ 18,727	$ 14,741	$ 3,986
Gross profit	2,192	2,462	(270)	1,239	1,564	(325)
Gross profit percentage	*12.8 %*	*6.2 %*		*6.6 %*	*10.6 %*	
General and administrative expense	441	520	79	545	470	(75)
Other (income) expense, net	(2,970)	(302)	2,668	(435)	(201)	234
Operating income	4,721	2,244	2,477	1,129	1,295	(166)

References below to 2024 and 2023 refer to the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $18.3 million $17.6 million and $16.7 million $13.4 million, respectively, and were primarily related to small-scale fabrication work.

Revenue – Revenue for 2024 and 2023 was $17.1 million$18.7 million and $39.7 million$14.7 million, respectively, representing an increase of 27.0%. The increase was primarily due to higher small-scale fabrication activity.

Gross profit – Gross profit for 2024 and 2023 was $1.2 million (6.6% of revenue) and $1.6 million (10.6% of revenue), respectively. The decrease in gross profit for 2024 relative to 2023 was primarily due to:

- A lower margin project mix associated with our small-scale fabrication work, offset partially by,
- Higher revenue,
- Improved utilization of our facilities and resources associated with higher small-scale fabrication activity, and
- Lower property and equipment insurance costs.

See Note 4 for further discussion of our property and equipment insurance coverages.

General and administrative expense – General and administrative expense for 2024 and 2023 was $0.5 million and $0.5 million, respectively, representing an increase of 16.0%. The increase was primarily due to higher business development costs and the timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2024 and 2023 was income of $0.4 million and $0.2 million, respectively. Other income for 2024 was primarily due to:

- Gains of $0.7 million on the sales of excess equipment, and
- Gains on the sales of scrap materials and other miscellaneous income items, offset partially by,
- Costs of $0.4 million associated with the consolidation of fabrication activities at our Houma Facilities.

Other income for 2023 was primarily due to miscellaneous income items.

Shipyard Division

	Three Months Ended June 30,		Favorable (Unfavorable)
	2024	2023	Change
New project awards	$ 76	$ (227)	$ 303
Revenue	$ 36	$ 382	$ (346)
Gross profit (loss)	31	(1,184)	1,215
Gross profit (loss) percentage	*nm*	*nm*	
General and administrative expense	—	537	537
Other (income) expense, net	22	227	205
Operating income (loss)	9	(1,948)	1,957

References below to 2024 and 2023 refer to the three months ended June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $0.1 million and negative $0.2 million, respectively. New project awards for 2024 were primarily related to change orders for our seventy-vehicle ferry project and the negative new project awards for 2023 were primarily related to liquidated damages for our Ferry Projects.

Revenue – Revenue for 2024 and 2023 was less than $0.1 million and $0.4 million, respectively, representing a decrease of 56.8% 90.6%. The decrease was primarily due to lower revenue for our Ferry Projects. See Note 2 for further discussion of the status of our Ferry Projects.

Gross profit (loss) –Gross profit for 2024 was less than $0.1 million and gross loss for 2023 was $1.2 million. The gross profit for 2024 relative to gross loss for 2023 was primarily due to the 2023 period being impacted by:

- Project charges of $0.8 million related to forecast cost increases and liquidated damages on our Ferry Projects,
- Holding costs of $0.2 million related to the two MPSVs that were previously in our possession and subject to our previous MP Litigation, and
- The partial under-utilization of our resources due to low work hours for our Ferry Projects.

See Note 2 for further discussion of our Ferry Projects and Note 4 for further discussion of the resolution of our MPSV Litigation.

General and administrative expense – General and administrative expense for 2023 was $0.5 million and was related to legal and advisory fees associated with our previous MPSV Litigation. See Note 4 for further discussion of the resolution of our MPSV Litigation.

Other (income) expense, net – Other (income) expense, net for 2023 was expense of $0.2 million and was primarily due to charges of $0.3 million associated with damage previously caused by Hurricane Ida to bulkheads and the MPSVs that were previously in our possession and subject to our previous MPSV Litigation. See Note 2 for further discussion of the impacts of Hurricane Ida and Note 4 for further discussion of the resolution of our MPSV Litigation.

Corporate Division

	Three Months Ended June 30,		Favorable (Unfavorable)
	2024	**2023**	**Change**
New project awards (eliminations)	$ (268)	$ (267)	$ (1)
Revenue (eliminations)	$ (268)	$ (267)	$ (1)
Gross profit	—	—	—
General and administrative expense	2,122	1,937	(185)
Other (income) expense, net	(78)	(70)	8
Operating loss	(2,044)	(1,867)	(177)

References below to 2024 and 2023 refer to the three months ended June 30, 2024 and 2023, respectively.

General and administrative expense – General and administrative expense for 2024 and 2023 was $2.1 million and $1.9 million, respectively, representing an increase of 9.6%. The increase was primarily due to higher costs associated with initiatives to diversify and enhance our business and the timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2024 and 2023 was income of $0.1 million and $0.1 million, respectively.

Comparison of the Six Months Ended June 30, 2024 and 2023 (in thousands in each table, except for percentages):

Consolidated

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Favorable (Unfavorable) Change
New project awards	$ 83,628	$ 74,902	$ 8,726
Revenue	$ 84,143	$ 101,494	$ (17,351)
Cost of revenue	73,861	91,979	18,118
Gross profit	10,282	9,515	767
Gross profit percentage	*12.2%*	*9.4%*	
General and administrative expense	6,838	8,803	1,965
Other (income) expense, net	(3,547)	(365)	3,182
Operating income	6,991	1,077	5,914
Interest (expense) income, net	1,145	660	485
Income before income taxes	8,136	1,737	6,399
Income tax (expense) benefit	(7)	6	(13)
Net income	$ 8,129	$ 1,743	$ 6,386

References below to 2024 and 2023 refer to the six months ended June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $83.6 million and $74.9 million, respectively. New project awards for 2024 and 2023 were primarily related to:

- Small-scale fabrication work for our Fabrication Division, and
- Offshore services work for our Services Division.

Revenue – Revenue for 2024 and 2023 was $84.1 million and $101.5 million, respectively, representing a decrease of 17.1%. The decrease was primarily due to:

- Lower revenue for our Fabrication Division of $18.5 million, primarily attributable to:
  - No revenue for offshore jackets project that was canceled in July 2023, offset partially by,
  - Higher small-scale fabrication activity, and
- Lower revenue for our Shipyard Division of $1.3 million, primarily attributable to our Ferry Projects, offset partially by,

- Higher revenue for our Services Division of $2.2 million, primarily attributable to higher offshore services work.

Gross profit – Gross profit for 2024 and 2023 was $10.3 million (12.2% of revenue) and $9.5 million (9.4% of revenue), respectively. Gross profit for 2024 was primarily impacted by:

- A strong market and demand for the services provided by our Services Division, and
- A high margin project mix for our Fabrication Division, offset partially by,
- The partial under-utilization of our facilities and resources for our Fabrication Division.

The increase in gross profit for 2024 relative to 2023 was primarily due to:

- Higher revenue for our Services Division,
- A higher margin project mix for our Fabrication Division,
- Gross profit for 2024 compared to a gross loss for 2023 for our Shipyard Division, and
- Lower property and equipment insurance costs for our Fabrication Division, offset partially by,
- Lower revenue for our Fabrication Division, and
- Lower utilization of our facilities and resources for our Fabrication Division.

See *"Operating Segments"* below and Note 2 for discussion of our project impacts and Note 4 for further discussion of our property and equipment insurance coverages.

General and administrative expense – General and administrative expense for 2024 and 2023 was $6.8 million and $8.8 million, respectively, representing a decrease of 22.3%. The decrease was primarily due to:

- The elimination of legal and advisory fees associated with our previous MPSV Litigation, which totaled $2.3 million for 2023, for Shipyard Division, offset partially by,
- Higher costs associated with initiatives to diversify and enhance our business for our Corporate Division, and
- The timing of certain costs for all our divisions.

See Note 4 for further discussion of the resolution of our MPSV Litigation.

Other (income) expense, net –Other (income) expense, net for 2024 and 2023 was income of $3.5 million and $0.4 million, respectively. Other (income) expense, net generally represents recoveries or provisions for bad debts and credit losses, gains or losses associated with the sale or disposition of property and equipment, and income or expense associated with certain nonrecurring items. Other income for 2024 was primarily due to:

- A gain of $2.9 million on the sale of our Houma AHFS for our Fabrication Division,
- Gains of $1.1 million on the sales of excess equipment for our Fabrication Division, and
- Gains on the sales of scrap materials and other miscellaneous income items for our Fabrication Division, offset partially by,
- Costs of $0.7 million associated with the consolidation of fabrication activities at our Houma Facilities for our Fabrication Division.

Other income for 2023 was primarily due to:

- Miscellaneous income items for our Fabrication Division, and
- Gains of $0.2 million related to the net impact of insurance recoveries and costs associated with damage previously caused Hurricane Ida to buildings and equipment at our Houma Facilities for our Fabrication Division, offset partially by,

- Charges of $0.3 million associated with damage previously caused by Hurricane Ida to bulkheads and the MPSVs that were previou in our possession and subject to our previous MPSV Litigation for our Shipyard Division.

See Note 1 for further discussion of the sale of our Houma AHFS, Note 2 for further discussion of the impacts of Hurricane Ida and Note 4 for further discussion of the resolution of our MPSV Litigation.

Interest (expense) income, net – Interest (expense) income, net for 2024 and 2023 was income of $1.1 million and $0.7 million, respectively. Interest (expense) income, net for both periods includes the net impact of interest earned on our cash and short-term investment balances and interest incurred on the unused portion of our LC Facility. The 2024 period also includes interest incurred on our long-term debt and the 2023 period includes interest incurred on our Insurance Finance Arrangements. The increase in income for 2024 relative to 2023 was primarily due to higher interest earned on our cash and short-term investment balances and the elimination of interest on our Insurance Finance Arrangements for the 2024 period, offset partially by interest incurred on our long-term debt for the 2024 period.

Income tax (expense) benefit – Income tax (expense) benefit for 2024 and 2023 represents state income taxes. No federal income tax expense was recorded for our income for either period as it was fully offset by the reversal of valuation allowance on our net deferred tax assets.

Operating Segments

Services Division

	Six Months Ended June 30,		Favorable (Unfavorable)
	2024	**2023**	**Change**
New project awards	$ 47,860	$ 45,802	$ 2,058
Revenue	$ 48,301	$ 46,057	$ 2,244
Gross profit	6,501	7,088	(587)
Gross profit percentage	*13.5%*	*15.4%*	
General and administrative expense	1,430	1,502	72
Other (income) expense, net	15	(24)	(39)
Operating income	5,056	5,610	(554)

References below to 2024 and 2023 refer to the six months ended June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $47.9 million and $45.8 million, respectively, and were primarily related to offshore services work, including new project awards associated with our welding enclosures business line.

Revenue – Revenue for 2024 and 2023 was $48.3 million and $46.1 million, respectively, representing an increase of 4.9%. The increase was primarily due to higher offshore services work.

Gross profit – Gross profit for 2024 and 2023 was $6.5 million (13.5% of revenue) and $7.1 million (15.4% of revenue), respectively. The decrease in gross profit for 2024 relative to 2023 was primarily due to:

- A lower margin project mix, and
- Costs incurred associated with the commencement of our cleaning and environmental services business line, offset partially by,
- Higher revenue.

General and administrative expense – General and administrative expense for 2024 and 2023 was $1.4 million and $1.5 million, respectively, representing a decrease of 4.8%. The decrease was primarily due to the timing of certain costs.

Fabrication Division

	Six Months Ended June 30,		Favorable (Unfavorable)
	2024	2023	Change
New project awards	$ 35,882	$ 30,144	$ 5,738
Revenue	$ 35,865	$ 54,403	$ (18,538)
Gross profit	3,431	4,026	(595)
Gross profit percentage	*9.6%*	*7.4%*	
General and administrative expense	986	990	4
Other (income) expense, net	(3,405)	(503)	2,902
Operating income	5,850	3,539	2,311

References below to 2024 and 2023 refer to the six months ended June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $35.9 million and $30.1 million, respectively, and were primarily related to small-scale fabrication work.

Revenue – Revenue for 2024 and 2023 was $35.9 million and $54.4 million, respectively, representing a decrease of 34.1%. The decrease was primarily due to:

- No revenue for our offshore jackets project that was canceled in July 2023, offset partially by,
- Higher small-scale fabrication activity.

Gross profit – Gross profit for 2024 and 2023 was $2.2 million (12.8%$3.4 million (9.6% of revenue) and $2.5 million (6.2%$4.0 million (7.4% of revenue), respectively. Gross profit for 2024 was primarily impacted by:

- A high margin project mix associated with our small-scale fabrication work, offset partially by,
- The partial under-utilization of our facilities and resources.

The decrease in gross profit for 2024 relative to 2023 was primarily due to:

- Lower revenue, and

- Lower utilization of our facilities and resources resulting from the cancellation of our offshore jackets project in July 2023, offset parti by,
- Improved utilization of our facilities and resources associated with higher small-scale fabrication activity,
- A higher margin project mix associated with our small-scale fabrication work, and
- Lower property and equipment insurance costs.

See Note 4 for further discussion of our property and equipment insurance coverages.

General and administrative expense – General and administrative expense for 2024 and 2023 was $0.4 million $1.0 million and $0.5 million $1.0 million, respectively, representing a decrease of 15.2% 0.4%. The decrease was primarily due to lower business development costs.

Other (income) expense, net – Other (income) expense, net for 2024 and 2023 was income of $3.0 million $3.4 million and $0.3 million $0.5 million, respectively. Other income for 2024 was primarily due to:

- A gain of $2.9 million on the sale of our Houma AHFS,
- Gains of $1.1 million on the sales of excess equipment, and
- Gains on the sales of equipment scrap materials and scrap materials, other miscellaneous income items, offset partially by,
- Costs of $0.4 million $0.7 million associated with the consolidation of fabrication activities at our Houma Facilities.

Other income for 2023 was primarily due to gains to:

- Miscellaneous income items, and
- Gains of $0.2 million related to the net impact of insurance recoveries and costs associated with damage previously caused Hurricane Ida to buildings and equipment at our Houma Facilities.

See Note 1 for further discussion of the sale of our Houma AHFS and Note 2 for further discussion of the impacts of Hurricanes Hurricane Ida.

Shipyard Division

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Favorable (Unfavorable) Change	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Favorable (Unfavorable) Change
New project awards	$ 278	$ (122)	$ 400	$ 354	$ (349)	$ 703
Revenue	$ 409	$ 1,347	$ (938)	$ 445	$ 1,729	$ (1,284)
Gross profit (loss)	319	(415)	734	350	(1,599)	1,949
Gross profit (loss) percentage	*nm*	*nm*		*78.7 %*	*nm*	
General and administrative expense	—	1,713	1,713	—	2,250	2,250
Other (income) expense, net	(23)	75	98	(1)	302	303

Operating income (loss)	342	(2,203)	2,545	351	(4,151)	4,502

References below to 2024 and 2023 refer to the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

New project awards – New project awards for 2024 and 2023 were $0.3 million $0.4 million and negative $0.1 million $0.3 million, respectively. The new New project awards for 2024 were primarily related to change orders for our seventy-vehicle ferry project and the negative new project awards for 2023 were primarily related to liquidated damages for our Ferry Projects.

Revenue – Revenue for 2024 and 2023 was $0.4 million and $1.3 million $1.7 million, respectively, representing a decrease of 69.6%. respectively. The decrease was primarily due to lower revenue for our Ferry Projects. See Note 2 for further discussion of the status of our Ferry Projects.

Gross profit (loss) – Gross profit for 2024 was $0.3 million $0.4 million and gross loss for 2023 was $0.4 million $1.6 million. The gross profit for 2024 relative to gross loss for 2023 was primarily due to the 2023 period being impacted by:

- Project charges of $0.8 million related to forecast cost increases and liquidated damages on our Ferry Projects,
- Holding costs of $0.5 million related to the two MPSVs that were previously in our possession and subject to our previous MP Litigation, and
- The partial under-utilization of our resources due to low work hours for the our Ferry Projects.

See Note 2 for further discussion of our Ferry Projects and Note 4 for further discussion of the resolution of our MPSV Litigation.

General and administrative expense – General and administrative expense for 2023 was $1.7 million $2.3 million and was related to legal and advisory fees associated with our previous MPSV Litigation. See Note 4 for further discussion of the resolution of our MPSV Litigation.

Other (income) expense, net – Other (income) expense, net for 2023 was expense of $0.1 million. $0.3 million and was primarily due to charges of $0.3 million associated with damage previously caused by Hurricane Ida to bulkheads and the MPSVs that were previously in our possession and subject to our previous MPSV Litigation. See Note 2 for further discussion of the impacts of Hurricane Ida and Note 4 for further discussion of the resolution of our MPSV Litigation.

Corporate Division

	Three Months Ended March 31,		Favorable (Unfavorable)	Six Months Ended June 30,		Favorable (Unfavorable)
	2024	2023	Change	2024	2023	Change
New project awards (eliminations)	$ (200)	$ (428)	$ 228	$ (468)	$ (695)	$ 227
Revenue (eliminations)	$ (200)	$ (428)	$ 228	$ (468)	$ (695)	$ 227
Gross profit	—	—	—	—	—	—

General and administrative expense	2,300	2,124	(176)	4,422	4,061	(361)
Other (income) expense, net	(78)	(70)	8	(156)	(140)	16
Operating loss	(2,222)	(2,054)	(168)	(4,266)	(3,921)	(345)

References below to 2024 and 2023 refer to the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

General and administrative expense – General and administrative expense for 2024 and 2023 was $2.3 million $4.4 million and $2.1 million $4.1 million, respectively, representing an increase of 8.3% 8.9%. The increase was primarily due to higher costs associated with initiatives to diversify and enhance our business and the timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2024 and 2023 was income of $0.1 million $0.2 million and $0.1 million, respectively.

Liquidity and Capital Resources

Available Liquidity

Our primary sources of liquidity are our cash, cash equivalents and scheduled maturities of our short-term investments. At March 31, 2024 June 30, 2024, our cash, cash equivalents, short-term investments and restricted cash totaled $61.3 million $63.1 million, as follows (in thousands):

	March 31, 2024	June 30, 2024
Cash and cash equivalents	$ 32,469	$ 9,509
Short-term investments(1)	27,352	52,115
Available cash, cash equivalents and short-term investments	59,821	61,624
Restricted cash	1,475	1,475
Total cash, cash equivalents, short-term investments and restricted cash	$ 61,296	$ 63,099

(1) Includes U.S. Treasuries with original maturities of approximately four to six months.

Our available liquidity is impacted by changes in our working capital and our capital expenditure requirements. Fluctuations in our working capital, and its components, are not unusual in our business and are impacted by the size of our projects and the mix of our backlog. Our working capital is particularly impacted by the timing of new project awards and related payments in advance of performing work, and the subsequent achievement of billing milestones or project progress on backlog. Working capital is also impacted at period-end by the timing of contract receivables collections and accounts payable payments on our projects.

At March 31, 2024 June 30, 2024, our working capital was $76.9 million $78.2 million and included $61.3 million $63.1 million of cash, cash equivalents, short-term investments and restricted cash and $1.1 million of current debt. Excluding cash, cash equivalents, short-term investments, restricted cash and current debt, our working capital at March 31, 2024 June 30, 2024 was $16.7 million $16.2 million, and consisted of: net contract assets and contract liabilities of $3.2 million negative $1.9 million; contract receivables and retainage of $26.9 million $33.4 million; inventory, prepaid expenses and other current assets of $6.6 million; and accounts payable, accrued expenses and other current liabilities of $20.0 million $21.9 million. The components of our working capital (excluding cash, cash equivalents, short-term investments, restricted cash and current debt) at March 31, 2024 June 30, 2024 and December 31, 2023, and changes in such amounts during the three six months ended March 31, 2024 June 30, 2024, were as follows (in thousands):

	March 31, 2024	December 31, 2023	Change(3)	June 30, 2024	December 31, 2023	Change(3)
Contract assets	$ 4,905	$ 2,739	$ 2,166	$ 2,221	$ 2,739	$ (518)
Contract liabilities(1)	(1,740)	(5,470)	3,730	(4,129)	(5,470)	1,341
Contracts in progress, net(2)	3,165	(2,731)	5,896	(1,908)	(2,731)	823
Contract receivables and retainage, net	26,892	36,298	(9,406)	33,433	36,298	(2,865)
Prepaid expenses, inventory and other current assets	6,638	9,066	(2,428)	6,588	9,066	(2,478)
Accounts payable, accrued expenses and other current liabilities	(20,015)	(23,302)	3,287	(21,901)	(23,302)	1,401
Total	$ 16,680	$ 19,331	$ (2,651)	$ 16,212	$ 19,331	$ (3,119)

(1) Contract liabilities at March 31, 2024 June 30, 2024 and December 31, 2023, includes accrued contract losses of $0.3 million $0.4 million and $(million, respectively, associated primarily with related to our Ferry Projects. Projects for our Shipyard Division.

(2) Represents our cash position relative to revenue recognized on projects, with contract assets representing unbilled amounts that reflect future ca inflows on projects, and contract liabilities representing (i) advance billings or payments that reflect estimated future cash expenditures and non-ca earnings on projects and (ii) accrued contract losses that represent estimated future cash expenditures on projects.

(3) Changes referenced in the *"Cash Flow Activity"* section below may differ from the changes in this table due to non-cash reclassifications and due to certain changes in balance sheet accounts being reflected within other line items on our Statement of Cash Flows, including allowance for doubtful accounts and credit losses, gains and losses on sales of fixed assets and other assets, and accruals for capital expenditures.

Cash Flow Activity *(in thousands)*

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	$ 7,019	$ 1,296		
Net cash provided by (used in) operating activities	$ 10,297	$ (2,193)		
Net cash used in investing activities	(12,453)	(5,219)	(37,508)	(5,965)
Net cash used in financing activities	(273)	(1,184)	(1,456)	(1,611)

Operating Activities – Cash provided by operating activities for the three six months ended March 31, 2024 June 30, 2024 was $10.3 million and 2023 cash used in operating activities for the six months ended June 30, 2023 was $7.0 million and $1.3 million $2.2 million, respectively, and was primarily due to the net impacts of the following:

2024 *Activity*

- Net income adjusted for depreciation and amortization of $1.2 million $2.4 million, a gain on the sale of our Houma AHFS and fix assets of $3.2 million $3.9 million and stock-based compensation expense of $0.5 million $1.0 million;
- Decrease in contract receivables and retainage of $9.4 million $2.9 million related to the timing of billings and collections on proje primarily due to decreased lower receivable positions on various projects for our Services Division, offset partially by higher receiva positions on various projects for our Fabrication Division and Services Division;
- Increase Decrease in contract assets of $2.2 million $0.5 million related to the timing of billings on projects, primarily due increased lower unbilled positions on various projects for our Fabrication Division;
- Decrease in contract liabilities of $3.7 million $1.3 million, primarily due to a decrease in lower advance billings on various projects our Fabrication Division;
- Decrease in prepaid expenses, inventory and other assets of $2.1 million $2.2 million, primarily due to prepaid expenses and associated timing of certain prepayments and the collection of insurance receivables associated with Hurricane Ida. See Note 2 further discussion of the Hurricane Ida insurance receivables;
- Decrease in accounts payable, accrued expenses and other current liabilities of $3.1 million, $1.3 million related to the timing payments, primarily due to decreased incentive compensation payments for all our divisions and lower accounts payable positions various projects for our Services Division, offset partially by higher accounts payable positions on various projects for our Fabricat Division and incentive compensation payments for all our divisions; Division; and
- Change in noncurrent assets and liabilities, net of $0.2 million $0.3 million.

2023 *Activity*

- Net income adjusted for depreciation and amortization of $1.3 million $2.7 million, a gain from net changes in allowance for doub accounts and credit losses of $0.2 million, a gain on insurance recoveries of $0.2 million, gain on the sale of fixed assets of $0.1 mill and stock-based compensation expense of $0.5 million $1.0 million;
- Increase in contract receivables and retainage of $14.5 million $7.1 million related to the timing of billings and collections on proje primarily due to increased higher receivable positions on our offshore jackets project (that was canceled in July 2023) and vari other projects for our Services Division, offset partially by lower receivable positions on various projects for our Fabrication Division;
- Increase in contract assets of $0.7 million $1.8 million related to the timing of billings on projects, primarily due to increased hig unbilled positions on various projects for our Fabrication Division, offset partially by decreased lower unbilled positions on our fo vehicle ferry projects for our Shipyard Division;
- Decrease in contract liabilities of $3.8 million $5.1 million, primarily due to a decrease in lower advance billings on our offshore jack project (that was canceled in July 2023) for our Fabrication Division and accrued contract losses on our forty-vehicle ferry projects our Shipyard Division;
- Decrease in prepaid expenses, inventory and other assets of $0.1 million $1.0 million, primarily due to prepaid expenses and associated timing of certain prepayments;
- Increase in accounts payable, accrued expenses and other current liabilities of $18.2 million primarily due $6.3 million related to timing of payments, and increased primarily due to higher accounts payable positions on our offshore jackets project (that was cance in July 2023) and various other projects for our Fabrication Division; and
- Change in noncurrent assets and liabilities, net of $0.2 million $0.4 million.

Investing Activities – Cash used in investing activities for the three six months ended March 31, 2024 June 30, 2024 and 2023 was $12.5 million $37.5 million and $5.2 million $6.0 million, respectively. Cash used in investing activities for 2024 was primarily due to net purchases of short-term investments of $19.1 million $43.9 million and capital expenditures of $2.6 million $3.6 million, offset partially by proceeds from the sale of our Houma AHFS and fixed assets of $8.9 million $9.6 million and recoveries from insurance claims of $0.3 million. Cash used in investing activities for 2023 was primarily due to net purchases of short-term investments of $5.1 million $5.3 million and capital expenditures of $0.5 million $1.1 million, offset partially by proceeds from the sale of fixed assets of $0.1 million and recoveries from insurance claims of $0.2 million. See Note 1 for further discussion of the sale of our Houma AHFS and Note 2 for further discussion of our insurance claims associated with Hurricane Ida.

Financing Activities – Cash used in financing activities for the three six months ended March 31, 2024 June 30, 2024 and 2023 was $0.3 million $1.5 million and $1.2 million $1.6 million, respectively. Cash used in financing activities for 2024 was primarily related to the repurchase of $0.3 million of our common stock under our Share Repurchase Program. Program and tax payments of $1.2 million made on behalf of employees from vested stock withholdings. Cash used in financing activities for 2023 was primarily due to payments on our Insurance Finance Arrangements of $1.0 million $1.1 million and tax payments of $0.5 million made on behalf of employees from vested stock withholdings. See Note 3 for further discussion of our Insurance Finance Arrangements and Note 5 for further discussion of our Share Repurchase Program.

Credit Facilities

See Note 3 for discussion of our LC Facility, Surety Bonds, Note Agreement, Mortgage Agreement and Insurance Finance Arrangements.

Registration Statement

We have a shelf registration statement that is effective with the SEC that expires on August 24, 2026. The shelf registration statement enables us to issue up to $200.0 million in either debt or equity securities, or a combination thereof, from time to time subsequent to the filing of a prospectus supplement, which among other things, identifies the underwriter, dealer or agent, specifies the number and value of securities that may be sold, and provides a time frame over which the securities may be offered.

Liquidity Outlook

We have made significant progress in our efforts to preserve and improve our liquidity, including cost reductions, the sale of under-utilized assets and facilities, improved project cash flow management and the completion of the Shipyard Transaction. The primary uses of our liquidity for the remainder of 2024 and the foreseeable future are to fund:

- Overhead costs associated with the under-utilization of our facilities and resources for our Fabrication Division until we secure a begin to execute sufficient backlog to fully recover our overhead costs;
- Capital expenditures, including expenditures to maintain, upgrade and replace aged equipment;
- Working capital requirements for our projects, including the unwind of advance payments on projects;
- Remaining liabilities of the Shipyard Division operations (including accrued contract losses for the Ferry Projects) that were exclud

from the Shipyard Transaction;

- Interest and principal payments on our Note Agreement entered into in connection with the resolution of our MPSV Litigation and Settlement Agreement. See Note 3 for further discussion of the our Note Agreement and Note 4 for further discussion of the resolut of our MPSV Litigation and the Settlement Agreement;
- Corporate administrative expenses (including the temporary under-utilization of personnel as we evaluate our resource requirements support our future operations);
- Organic and inorganic opportunities for growth, including mergers and acquisitions;
- Remaining liabilities of our Shipyard Division operations (including accrued contract losses for our Ferry Projects); and
- Our Share Repurchase Program. See Note 5 for further discussion of our Share Repurchase Program.

We anticipate capital expenditures of approximately $2.5 million $1.5 million to $3.0 million $2.0 million for the remainder of 2024, of which approximately $2.0 million $1.0 million relates to upgrades to our Houma Facilities and investments in more technologically advanced equipment. In the first quarter 2024, we received insurance proceeds of $2.0 million associated with damage to our Houma Facilities previously caused by Hurricane Ida, which will partially supplement our capital expenditures for 2024. Further investments in our facilities and equipment may be required to win and execute potential new project awards, which are not included in these estimates. See Note 2 for further discussion of the insurance proceeds received associated with damage previously caused by Hurricane Ida.

We believe that our cash, cash equivalents and short-term investments at March 31, 2024 June 30, 2024, will be sufficient to enable us to fund our operating expenses, meet our working capital and capital expenditure requirements, and satisfy any debt service obligations or other funding requirements, for the remainder of 2024 and the foreseeable future. Our evaluation of the sufficiency of our cash and liquidity is primarily based on our financial forecasts for 2024 and 2025, which is are impacted by our existing backlog and estimates of future new project awards and may be further impacted by the ongoing effects of oil and gas price volatility and macroeconomic conditions, and future losses, if any, due to coverage limitations and our use of deductibles and self-insured retentions for our exposures related to property and equipment damage, builder’s risk, third-party liability and workers’ compensation and USL&H claims. We can provide no assurances that our financial forecasts will be achieved or that we will have sufficient cash and short-term investments to meet planned operating expenses and unforeseen cash requirements. Accordingly, we may be required to obtain new or additional credit facilities, sell additional assets or conduct equity or debt offerings at a time when it is not beneficial to do so.

Off-Balance Sheet Arrangements

We are not a party to any contract or other obligation not included on our Balance Sheet that has, or is reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of our disclosure controls and procedures were effective as of the end of the period covered by this Report.

During the first second quarter 2024, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 4 of our Financial Statements in Part I, Item 1 for discussion of our legal proceedings, including the resolution of our MPSV Litigation, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to our risk factors previously disclosed in Part I, Item 1A. *"Risk Factors"* of our 2023 Annual Report.

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

Issuer Purchases of Equity Securities

The following table summarizes our purchases of common stock during the three months ended March 31, 2024 June 30, 2024.

			Current Program(1)	
Period	Total Number of Shares Purchased(1)	Average Price Paid per Share(2)	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in thousands)
January 1 to 31, 2024	40,360	$ 4.47	40,360	$ 4,691

February 1 to 29, 2024	20,500	$ 4.50	20,500	$ 4,599
March 1 to 31, 2024	—	$ —	—	$ 4,599
Total	60,860	$ 4.48	60,860	

			Current Program(1)	
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in thousands)
April 1 to 30, 2024	—	$ —	—	$ 4,599
May 1 to 31, 2024	—	$ —	—	$ 4,599
June 1 to 30, 2024	—	$ —	—	$ 4,599
Total	—	$ —	—	

(1) On December 1, 2023, our Board of Directors ("Board") approved a share repurchase program ("Share Repurchase Program") authorizing repurchase of up to $5.0 million of our outstanding common stock, effective from December 15, 2023 through December 15, 2024. The timing amount of any share repurchases is at the discretion of management and may be made from time to time through transactions in the open marke privately negotiated transactions or by other means in accordance with applicable laws. The Share Repurchase Program does not obligate us repurchase any shares of common stock and may be modified, increased or suspended or terminated at the discretion of our Board. See Note 5 further discussion of our Share Repurchase Program.

(2) Average price paid per share includes costs associated with the repurchases.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed with the SEC on May 22, 2020 (SEC File No. 001-34279).
3.2	Amended and Restated Bylaws of the Company, incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed with the SEC on November 6, 2023 (SEC File No. 001-34279).
10.1	Partial Cancellation Form of Multiple Indebtedness Mortgage made by Zurich American Insurance Company Performance-Based Restricted Stock Unit Agreement. †*

10.2	Form of Restricted Stock Unit Agreement. †*
10.3	Form of Non-Management Director Restricted Stock Unit Agreement. †*
10.4	The Company's Second Amended and Fidelity & Deposit Company of Maryland, as affiants, in favor of Gulf Island, L.L.C. and Gulf Island Services, L.L.C. f/k/a Dolphin Services, L.L.C., dated February 20, 2024. * Restated 2015 Stock Incentive Plan. †*
31.1	CEO Certifications pursuant to Rule 13a-14 under the Securities Exchange Act of 1934. *
31.2	CFO Certifications pursuant to Rule 13a-14 under the Securities Exchange Act of 1934. *
32	Section 906 Certification furnished pursuant to 18 U.S.C. Section 1350. *
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document. *
104	The cover page for the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, has been formatted in Inline XBRL and is contained in Exhibit 101. *

† Management Contract or Compensatory Plan.

* Filed or furnished herewith.

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.

GULF ISLAND FABRICATION, INC.

BY: /s/ Westley S. Stockton

Westley S. Stockton

Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)

Date: May 7, 2024 August 6, 2024

Exhibit 10.1

UNIFORM CANCELLATION AFFIDAVITPERFORMANCE-BASED RESTRICTED STOCK UNIT
(FOR MORTGAGES AND VENDOR'S LIENS)
PARTIAL CANCELLATION AGREEMENT

BE IT KNOWN THAT This PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) dated as of April 1, 2024 (the “Date of Grant”) is by and between Gulf Island Fabrication, Inc. (“Gulf Island”) and **<<Participant Name>>** (the “Participant”).

WHEREAS, Gulf Island has adopted the Second Amended and Restated 2015 Stock Incentive Plan, as it may be further amended and restated (the “Plan”), under which the Compensation Committee (the “Committee”) of the Board of Directors of Gulf Island, or its delegee, may, among other things, grant performance-based restricted stock units payable in shares of Gulf Island common stock, no par value per share (the “Common Stock”) and “other stock-based awards” payable in Common Stock or cash based on the value of the Common Stock, to officers and key employees of Gulf Island or its subsidiaries (collectively, the “Company”); and

WHEREAS, the Committee believes that entering into this Agreement with the Participant is consistent with the purpose for which the Plan was adopted.

NOW, THEREFORE, Gulf Island and the Participant hereby agree as follows:

1.
AWARD OF PERFORMANCE-BASED RESTRICTED STOCK UNITS

1.1Subject to the terms of this Agreement, effective as of the Date of Grant, Gulf Island hereby grants to the Participant an award of ____________ performance-based restricted stock units ("PSUs"). Each PSU represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in this Agreement and the Plan. Whether the PSUs may be earned will depend on the Company’s level of achievement and the Committee’s certification of the performance metrics specified in Section 1.2 during the period beginning January 1, 2024, and ending December 31, 2024 (the “Performance Period”). Any PSUs that are deemed not subject to vesting as of the end of the Performance Period shall be forfeited.

1.2Provided the Participant satisfies the service conditions set forth in Section 1.4, the PSUs may vest and be earned if the Company’s actual adjusted cash flow for the Performance Period is break-even or above (as set forth in the materials presented to the Committee) (the “Performance Metric”), as determined by the Committee (with such amount referred to herein as the “Final PSUs”).

1.3Following the end of the Performance Period, the Committee shall, within a reasonably practicable time, determine the results of Performance Metric and whether the PSUs may be earned. Such determination shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law. If the Performance Metric is not achieved, the PSUs shall immediately be forfeited.

1.4The Final PSUs shall vest, subject to the conditions of Sections 2 and 3, on the following dates (each, a "Vesting Date"):

Scheduled Vesting Date	Amount of Final PSUs To Vest
First Anniversary of Date of Grant	33%
Second Anniversary of Date of Grant	33%
Third Anniversary of Date of Grant	Remaining balance

2. ISSUANCE OF SHARES UPON VESTING

2.1As soon as practicable after each Vesting Date, but no later than 30 days from such date, Gulf Island will credit the Participant's brokerage account with the shares of Common Stock issuable upon vesting. If the Participant has not established a brokerage account, the shares will be held by Gulf Island's transfer agent until such time as the Participant opens an account.

2.2Upon issuance of such shares of Common Stock, the Participant is free to hold or dispose of such shares, subject to applicable securities laws and any internal policy then in effect and applicable to the Participant, such as Gulf Island's Insider Trading Policy.

2.3If the total number of shares of Common Stock earned by the Participant under all Incentives granted to him during 2024 would exceed the numerical limit on shares of Common Stock that may be covered by Incentives granted under the Plan to an individual in a single calendar year as provided in the Plan (the "Share Limit"), then any PSUs earned under this Agreement, that, if issued as shares of Common Stock, would exceed the Share Limit, will instead be settled in cash rather than shares of Common Stock.

3. TERMINATION OF EMPLOYMENT; CHANGE OF CONTROL

3.1If the Participant's employment terminates for any reason prior to the vesting of some or all of the PSUs (except in connection with a Change of Control as described in Section 3.2 below and Section 12.10 of the Plan), all unvested PSUs granted hereunder shall immediately be forfeited.

3.2If a Change of Control occurs prior the end of the Performance Period, the Performance Metric shall be waived and the Final PSUs shall equal the number of PSUs granted, which will continue to be subject to the vesting schedule set for in Section 1.4. If a Change of Control occurs after the end of the Performance Period but before me, the undersigned Notary Public, appeared Final PSUs have fully vested in accordance with Section 1.4 above, the duly authorized undersigned representatives unvested PSUs shall vest and all restrictions shall lapse, if, within one year following such Change of Control, the Participant's employment with the Company is terminated by the Company without Cause or by such Participant with Good Reason, as further described in Section 12.10 of the Plan.

4.

Zurich American Insurance Company FORFEITURE OF AWARD

4.1 If the Participant engages in grossly negligent conduct or intentional misconduct that either (a) requires the Company's financial statements to be restated at any time beginning on the Date of Grant and Fidelity & Deposit ending on the third anniversary of the end of the final Vesting Date set forth in Section 1.4 or (b) results in an increase of the value of the PSUs upon vesting, then the Committee, after considering the costs and benefits to the Company of Maryland, doing so, may seek recovery for the benefit of the Company of the difference between the shares of Common Stock received upon vesting during the three-year period following such conduct and the shares of Common Stock that would have been received based on the restated financial statements or absent the increase described in part (b) above (the "Excess Shares"). All determinations regarding the amount of the Excess Shares shall be made solely by the Committee in good faith.

4.2 This award is also subject to any clawback policies the Company may adopt, including the Company's Incentive-Based Compensation Recovery Policy adopted in order to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any resulting rules issued by the United States Securities and Exchange Commission and the national securities exchanges thereunder.

4.3 If the Committee determines that the Participant owes any amount to the Company under Sections 4.1 or 4.2 above, the Participant shall return to the Company the Excess Shares (or the shares recoverable under Section 4.2) acquired by the Participant pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) or, if no longer held by the Participant, the Participant shall pay to the Company, without interest, all cash, securities or other assets received by the Participant upon the sale or transfer of such shares. The Participant acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount owed from any amounts the Company owes the Participant from time to time for any reason (including without limitation amounts owed to the Participant as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Participant owes it, the Participant hereby agrees to pay immediately the unpaid balance to the Company.

5.

hereinafter referred WITHHOLDING TAXES; TAX TREATMENT

5.1At the time that all or any portion of the PSUs vest, the Participant must deliver to as affiant, who after first being sworn declares that affiant is:

CHECK ONE BOX ONLY:

[ ] *A notary public requesting cancellation under R.S. 9:5167(A)(1)*, herein declaring that affiant or someone under his direction did Gulf Island the amount of any taxes required by law to be withheld. In accordance with the terms of the Plan, the Participant may satisfy the promissory note, tax withholding obligation by delivering currently owned shares of Common Stock or by electing to have Gulf Island withhold from the shares of the Participant otherwise would receive hereunder shares of Common Stock having a value equal to the minimum amount required to be withheld (as determined under the Plan).

5.2The PSUs are intended to satisfy the short-term deferral exception to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and shall be interpreted, construed and administered in accordance with such exception. Notwithstanding anything in this Agreement to the contrary, if the PSUs constitute "deferred

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compensation" under Section 409A and the payout of the PSUs is accelerated pursuant to Section 3, a distribution of shares, or cash if applicable, to the Participant shall be delayed for a period of six months after the Participant's termination of employment, if the Participant is a key employee (as defined under Section 409A) and if so required pursuant to Section 409A. If settlement of the PSUs is so delayed, the PSUs shall be settled within 30 days of the date that is the six-month anniversary of the Participant's termination of employment. Notwithstanding any provision to the contrary herein, distributions to be made upon a termination of employment hereunder may only be made upon a "separation from service" as defined under Section 409A. In no event shall a Participant, directly or indirectly, designate the calendar year of payment.

6.
ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if at any time Gulf Island further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant hereto, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to Gulf Island. Gulf Island agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

7.
NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Participant any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Participant's employment relationship with the Company at any time.

8.
BINDING EFFECT

This Agreement may not be transferred, assigned pledged or hypothecated in any manner at law or otherwise, other than by will or by the laws of descent and distribution, if applicable, and shall not be subject to execution, attachment or similar process. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and permitted successors.

9.
INCONSISTENT PROVISIONS

The PSUs granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Participant acknowledges that a copy of the Plan and a prospectus

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summarizing the Plan was distributed or made available to the Participant and that the affiant Participant was advised to review such materials prior to entering into this Agreement. The Participant waives the right to claim that the provisions of the Plan are not binding upon the Participant and the Participant's heirs, executors, administrators, legal representatives and successors.

10.
GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. For purposes of litigating any dispute that arises directly or someone under his direction (1) received the note marked "Paid in Full" indirectly from the last holder relationship of the note, parties evidenced by the grant of the PSUs or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the courts ofMontgomery County, Texas, or the federal courts for the United States for the Southern District of Texas, and no other courts, where this grant is made and/or to be performed.

11.
MISCELLANEOUS

11.1The Participant understands and acknowledges that they are one of a limited number of employees of the Company who have been selected to receive equity grants and that this grant is considered confidential information. The Participant hereby covenants and agrees not to disclose the note was lost award of PSUs pursuant to this Agreement to any other person except (a) the Participant’s immediate family and legal or destroyed while financial advisors who agree to maintain the confidentiality of this Agreement, (b) as required in connection with the administration of this Agreement and the Plan as it relates to this award or under applicable law, (c) to the extent the terms of this Agreement have been publicly disclosed by the Company and (d) as may be required pursuant to Section 16 of the Securities Exchange Act of 1934.

11.2The authority to manage and control the operation and administration of this Agreement shall be vested in the affiant's custody; or (2) Committee, and the Committee shall have all powers with respect to this Agreement as it has confirmed that the last holder of the paraphed note received payment in full and sent the note but the note was never received, and that the affiant has made a due and diligent search for the note, the note cannot be located, and sixty days have elapsed since payment or satisfaction of the note.

[ ] *A duly authorized officer of a Louisiana licensed title insurer as defined in R.S. 22:46 of the Louisiana Insurance Code, requesting cancellation under R.S. 9:5167(B)(1)*, herein declaring that all obligations secured by the mortgage or vendor's privilege have been satisfied, and that affiant has made a due and diligent search for the lost or destroyed instrument which was sufficient to cause a cancellation of the mortgage or vendor's privilege, that the lost or destroyed instrument cannot be located, and that sixty days have elapsed since payment or satisfaction of the secured obligation.

[ ] *An authorized officer of a title insurance business, the closing notary public, or the attorney for the person or entity which made the payment requesting cancellation under R.S. 9:5167.1*, herein declaring on behalf of the mortgagor or an owner of the property encumbered by the mortgage that the mortgagee provided a payoff statement with respect to the loan secured Plan. Any interpretation of this Agreement by the mortgage Committee and any decision made by it with respect to this Agreement shall be final and binding on all persons.

11.3Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, and this Agreement is subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

11.4Each notice relating to this Agreement shall be in writing and delivered in person or by mail to Gulf Island at its office, 2170 Buckthorne Place, Suite 420, The Woodlands, Texas, 77380, to the attention of the Secretary or at such other address as Gulf Island may specify in writing to the Participant by a notice delivered in accordance with this Section 11.4. All notices to the Participant shall be delivered to the Participant’s address on file with the Company or at such other address as the Participant may specify in writing to the Secretary by a notice delivered in accordance with this Section 11.4 and Section 11.7.

11.5If any term or provision of this Agreement, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Participant and Gulf Island intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11.6Gulf Island's obligation under the Plan and this Agreement is an unsecured and unfunded promise to pay benefits that may be earned in the future. Gulf Island shall have no obligation to set aside, earmark or invest any fund or money with which to pay its obligations under this Agreement. The Participant or any successor in interest shall be and remain a general creditor of Gulf Island in the same manner as any other creditor having a general claim for matured and unpaid compensation.

11.7Gulf Island may, in its sole discretion, deliver any documents related to the Participant's current or future participation in the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. By accepting the terms of this Agreement, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by Gulf Island or a third party designated by Gulf Island.

11.8The Participant must expressly accept the terms and conditions of this Agreement by executing this Agreement in a timely manner. If the Participant does not accept the terms of this Agreement, the PSUs are subject to cancellation.

12.
ENTIRE AGREEMENT; MODIFICATION; WAIVER

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto, including by electronic means as provided in Section 11.7. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the acceptance of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered on the day and year first above written.

GULF ISLAND FABRICATION, INC.

By:

Robert M. Averick
Chairman of the Compensation Committee
of the Board of Directors

{Insert name}
Participant

Exhibit 10.2

RESTRICTED STOCK UNIT AGREEMENT

This RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) is by and between Gulf Island Fabrication, Inc. (“Gulf Island” or the “Company”) and **<<Participant Name>>** (the “Award Recipient”).

WHEREAS, Gulf Island has adopted the Second Amended and Restated Stock Incentive Plan, as it may be further amended and restated (the “Plan”), under which the Compensation Committee (the “Committee”) of the Board of Directors of Gulf Island, or its delegee, may, among other things, grant restricted stock units payable in shares of Gulf Island common stock, no par value per share (the “Common Stock”), to officers and key employees of Gulf Island or its subsidiaries (collectively, the “Company”); and

WHEREAS, the Committee believes that entering into this Agreement with the Award Recipient is consistent with the purpose for which the Plan was adopted.

NOW, THEREFORE, Gulf Island and the Award Recipient hereby agree as follows:

1.
AWARD OF RESTRICTED STOCK UNITS

1.1On **<<Grant Date>>** (the “Date of Grant”), and upon the terms and conditions of the Plan and this Agreement, and in consideration of services rendered, Gulf Island awarded (the “RSU Award”) to the Award Recipient **<<Grant Amount>>**restricted stock units (the “RSUs”), that vest, subject to Sections 2 and 4 hereof, as follows:

Scheduled Vesting Date	Amount of RSUs To Vest
First Anniversary of Date of Grant	33%
Second Anniversary of Date of Grant	33%
Third Anniversary of Date of Grant	Remaining balance

2. TERMS OF RESTRICTED STOCK UNITS

2.1Each RSU represents the right to receive from Gulf Island, upon vesting, one share of Common Stock, free of any restrictions.

2.2The RSUs may not be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered. The Award Recipient shall have no rights, including but not limited to, voting and dividend rights, in the shares of Common Stock underlying the RSUs unless and until such shares are issued to the Award Recipient, or as otherwise provided in this Agreement.

2.3If the RSUs have not already vested in accordance with Section 1.1 above, the RSUs shall vest and all restrictions set forth in Section 2.2 shall lapse, if there has been a Change of Control, and within one year following such Change of Control the Award Recipient's employment with the Company is terminated by the Company without Cause or by such participant with Good Reason, as further described in Section 12.10 of the Plan.

3. ISSUANCE OF SHARES UPON VESTING

3.1As soon as practicable after the vesting of the RSUs, but no later than 30 days from such date, Gulf Island will credit the Award Recipient's brokerage account with the shares of Common Stock issuable upon vesting. If the Award Recipient has not established a brokerage account, the shares will be held by Gulf Island's transfer agent until such time as the Award Recipient opens an account.

3.2Upon issuance of such shares of Common Stock, the Award Recipient is free to hold or dispose of such shares, subject to applicable securities laws and any internal policy then in effect and applicable to the Award Recipient, such as Gulf Island's Insider Trading Policy.

4.
TERMINATION OF EMPLOYMENT

If the Award Recipient's employment terminates for any reason prior to the vesting of some or all of the RSUs (except in connection with a Change of Control as described in Section 2.3 above or as otherwise provided by the Committee), all unvested RSUs granted hereunder shall immediately be forfeited.

5.
FORFEITURE OF AWARD

5.1If the Award Recipient engages in grossly negligent conduct or intentional misconduct that either (a) requires the Company's financial statements to be restated at any time beginning on the Date of Grant and ending on the third anniversary of the end of the final vesting date set forth in Section 1.1 or (b) results in an increase of the value of the RSUs upon vesting, then the Committee, after considering the costs and benefits to the Company of doing so, may seek recovery for the benefit of the Company of the difference between the shares of Common Stock received upon vesting during the three-year period following such conduct and the shares of Common Stock that would have been received based on the restated financial statements or absent the increase described in part (b) above (the "Excess Shares"). All determinations regarding the amount of the Excess Shares shall be made solely by the Committee in good faith.

5.2The RSU Award granted hereunder is also subject to any clawback policies the Company may adopt in order to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any resulting rules issued by the United States Securities and Exchange Commission or national securities exchanges thereunder.

5.3If the Committee determines that the Award Recipient owes any amount to the Company under Sections 5.1 or 5.2 above, the Award Recipient shall return to the Company the

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Excess Shares (or the shares recoverable under Section 5.2) acquired by the Award Recipient pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) or, if no longer held by the Award Recipient, the Award Recipient shall pay to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such shares. The Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount owed from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

6.
WITHHOLDING TAXES; TAX TREATMENT

6.1At the time that all or any portion of the RSUs vest, the Award Recipient must deliver to Gulf Island the amount of any taxes required by law to be withheld. In accordance with the terms of the Plan, the Award Recipient may satisfy the tax withholding obligation by delivering currently owned shares of Common Stock or by electing to have Gulf Island withhold from the shares of the Award Recipient otherwise would receive hereunder shares of Common Stock having a value equal to the minimum amount required to be withheld (as determined under the Plan).

6.2The RSUs are intended to constitute short-term deferrals under Section 409A of the Code ("Section 409A"), and the regulations and guidance issued thereunder. However, each Award Recipient should consult his or her own tax advisor as to the tax effect of amounts payable to the Award Recipient under the Plan. Gulf Island reserves the right to amend this Agreement to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of the RSU Award in light of Section 409A and any regulations or other guidance promulgated thereunder. Neither the Company nor the members of the Committee shall be liable for any determination or action taken or made with respect to this Agreement or the RSU Award granted thereunder.

7.
ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if at any time Gulf Island further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant hereto, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to Gulf Island. Gulf Island agrees to

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use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

8.
NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Award Recipient's employment relationship with the Company at any time.

9.
BINDING EFFECT

This Agreement may not be transferred, assigned pledged or hypothecated in any manner at law or otherwise, other than by will or by the laws of descent and distribution, if applicable, and shall not be subject to execution, attachment or similar process. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and permitted successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

10.
INCONSISTENT PROVISIONS

The RSUs granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Award Recipient acknowledges that a copy of the Plan and a prospectus summarizing the Plan was distributed or made available to the Award Recipient and that the mortgagee has received payment Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the loan secured Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

11.
GOVERNING LAW

This Agreement shall be governed by the mortgage and construed in accordance with the payoff statement, as laws of the State of Texas. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the RSU Award or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the courts ofMontgomery County, Texas, or the federal courts for the United States for the Southern District of Texas, and no other courts, where this grant is made and/or to be performed.

12.
MISCELLANEOUS

12.1The Award Recipient understands and acknowledges that they are one of a limited number of employees of the Company who have been selected to receive grants of RSU Awards and that the grant is considered confidential information. The Award Recipient hereby covenants and agrees not to disclose the award of RSU Awards pursuant to this Agreement to any other person except (a) the Award Recipient's immediate family and legal or financial advisors who agree to maintain the confidentiality of this Agreement, (b) as required in connection with the administration of this Agreement and the Plan as it relates to this award or under applicable law, (c) to the extent the terms of this Agreement have been publicly disclosed by the Company and (d) as may be required pursuant to Section 16 of the Securities Exchange Act of 1934.

12.2The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee and any decision made by it with respect to this Agreement shall be final and binding on all persons.

12.3Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, and this Agreement is subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

12.4Each notice relating to this Agreement shall be in writing and delivered in person or by mail to Gulf Island at its office, 2170 Buckthorne Place, Suite 420, The Woodlands,, Texas 77380, to the attention of the Secretary or at such other address as Gulf Island may specify in writing to the Award Recipient by a notice delivered in accordance with this Section 12.4. All notices to the Award Recipient shall be delivered to the Award Recipient's address on file with the Company or at such other address as the Award Recipient may specify in writing to the Secretary by a notice delivered in accordance with this Section 12.4 and Section 12.6.

12.5Gulf Island's obligation under the Plan and this Agreement is an unsecured and unfunded promise to pay benefits that may be earned in the future. Gulf Island shall have no obligation to set aside, earmark or invest any fund or money with which to pay its obligations under this Agreement. The Award Recipient or any successor in interest shall be and remain a general creditor of Gulf Island in the same manner as any other creditor having a general claim for matured and unpaid compensation.

12.6Gulf Island may, in its sole discretion, deliver any documents related to the Award Recipient's current or future participation in the Plan by electronic means or request the Award Recipient's consent to participate in the Plan by electronic means. By accepting the terms of this Agreement, the Award Recipient hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by Gulf Island or a third party designated by Gulf Island.

12.7The Award Recipient must expressly accept the terms and conditions of this Agreement by executing this Agreement in a timely manner. If the Award Recipient does not accept the terms of this Agreement, this RSU Award is subject to cancellation.

13.
ENTIRE AGREEMENT; MODIFICATION; WAIVER

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto, including by electronic means as provided in Section 12.6. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the acceptance of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered on the day and year first above written.

GULF ISLAND FABRICATION, INC.
By:
Robert M. Averick
Chairman of the Compensation Committee
of the Board of Directors
{Insert name}
Award Recipient

Exhibit 10.3

NON-MANAGEMENT DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

This NON-MANAGEMENT DIRECTOR RESTRICTED STOCK UNIT AGREEMENT (this "Agreement") is by and between Gulf Island Fabrication, Inc. ("Gulf Island") and **<<Participant Name>>** (the "Participant").

WHEREAS, Gulf Island maintains the Second Amended and Restated 2015 Stock Incentive Plan, as it may be further amended and restated (the "Plan"), under which Gulf Island may grant restricted stock units to eligible participants, including members of the Gulf Island Board of Directors (the "Board"), which awards relate to shares of common stock of Gulf Island, no par value per share ("Common Stock"); and

WHEREAS, pursuant to the Plan, Gulf Island has awarded the Participant restricted stock units on the terms and conditions specified below.

NOW, THEREFORE, Gulf Island and the Participant agree as follows:

1.

AWARD OF RESTRICTED STOCK UNITS

1.1 On **<<Grant Date>>** (the "Date of Grant"), and upon the terms and conditions of the Plan and this Agreement, and in consideration of services rendered, Gulf Island awarded to the Participant **<<Grant Amount>>**restricted stock units (the "RSUs"), that vest, subject to Sections 2 and 4, on the first anniversary of the Date of Grant (the "Vesting Date").

2.

TERMS OF

RESTRICTED STOCK UNITS

2.1 Each RSU represents the right to receive from Gulf Island, upon vesting, one share of Common Stock, free of any restrictions.

2.2 The RSUs may not be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered. The Participant shall have no rights, including but not limited to, voting and dividend rights, in the shares of Common Stock underlying the RSUs unless and until such shares are issued to the Participant, or as otherwise provided in this Agreement.

2.3 If the RSUs have not already vested in accordance with Section 1 above, the RSUs shall vest and all restrictions set forth in Section 2.2 shall lapse under the following circumstances: (a) in the event a Change of Control of Gulf Island (as defined in the Plan) occurs prior to the Vesting Date and the Participant ceases to serve as a member of the Board as a result of such Change of Control, and (b) on the date of Gulf Island's **<<Insert Year After Year of Grant>>** annual shareholder meeting if the Participant ceases to serve as a member of the Board as of such date because he or she is not re-nominated for another term by the Board.

3.

ISSUANCE OF SHARES UPON VESTING

3.1 As soon as practicable after the Vesting Date, but no later than 30 days from such date, Gulf Island will credit the Participant's brokerage account with the shares of Common Stock issuable upon vesting. If the Participant has not established a brokerage account, the shares will be held by Gulf Island's transfer agent until such time as the Participant opens an account.

3.2 Upon issuance of such shares of Common Stock, the Participant is free to hold or dispose of such shares, subject to applicable securities laws and any internal policy then in effect and applicable to the Participant, such as Gulf Island's Insider Trading Policy and Director Stock Ownership Guidelines.

4.

TERMINATION OF BOARD MEMBERSHIP

Except for a termination of service described in Section 2.3 hereof, if the Participant ceases to serve as a member of the Board for any other reason prior to the Vesting Date, all unvested RSUs granted hereunder shall immediately be forfeited.

5.

ADDITIONAL CONDITIONS; TAX TREATMENT

Anything in this Agreement to the contrary notwithstanding, if at any time Gulf Island further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant hereto, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to Gulf Island. Gulf Island agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein. The RSUs are intended to constitute short-term deferrals under Section 409A of the Internal Revenue Code, and the regulations and guidance issued thereunder. However, each Participant should consult his or her own tax advisor as to the tax effect of amounts payable to the Participant under the Plan.

6.

BINDING EFFECT

This Agreement may not be transferred, assigned pledged or hypothecated in any manner at law or otherwise, other than by will or by the laws of descent and distribution, if applicable, and shall not be subject to execution, attachment or similar process.

7.

INCONSISTENT PROVISIONS

The RSUs granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Participant acknowledges that a copy of the Plan and a prospectus summarizing the Plan was distributed or made available to the Participant and that the Participant was advised to review such materials prior to entering into this Agreement. The Participant waives the right to claim that the provisions of the Plan are not binding upon the Participant and the Participant's heirs, executors, administrators, legal representatives and successors.

8.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant of RSUs or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the courts of Montgomery County, Texas, or the federal courts for the United States for the Southern District of Texas, and no other courts, where this grant is made and/or to be performed.

9.

MISCELLANEOUS

9.1 The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee and any decision made by it with respect to this Agreement shall be final and binding on all persons.

9.2 Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, and this Agreement is subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

9.3 Each notice relating to this Agreement shall be in writing and delivered in person or by mail to Gulf Island at its office, 2170 Buckthorne Place, Suite 420, The Woodlands, TX 77380, to the attention of the Secretary or at such other address as Gulf Island may specify in writing to the Participant by a notice delivered in accordance with this Section 9.3. All notices to the Participant shall be delivered to the Participant's address on file with the Company or at such other address as the Participant may specify in writing to the Secretary by a notice delivered in accordance with this Section 9.3 and Section 9.6.

9.4 If any term or provision of this Agreement, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Participant and Gulf Island intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

9.5 Gulf Island's obligation under the Plan and this Agreement is an unsecured and unfunded promise to pay benefits that may be earned in the future. Gulf Island shall have no obligation to set aside, earmark or invest any fund or money with which to pay its obligations under this Agreement. The Participant or any successor in interest shall be and remain a general creditor of Gulf Island in the same manner as any other creditor having a general claim for matured and unpaid compensation.

9.6 Gulf Island may, in its sole discretion, deliver any documents related to the Participant's current or future participation in the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. By accepting the terms of this Agreement, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by Gulf Island or a third party designated by Gulf Island.

9.7 The Participant must expressly accept the terms and conditions of this Agreement by executing this Agreement in a timely manner. If the Participant does not accept the terms of this Agreement, this RSU Award is subject to cancellation.

10.

ENTIRE AGREEMENT; MODIFICATION

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto, including by electronic means as provided in Section 9.6. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the acceptance of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered effective on the Date of Grant.

GULF ISLAND FABRICATION, INC.

By:

Robert M. Averick

Chairman of the Compensation Committee

of the Board of Directors

<<Participant Name>>

Participant

Exhibit 10.4

GULF ISLAND FABRICATION, INC.
SECOND AMENDED AND RESTATED
2015 STOCK INCENTIVE PLAN

1. Purpose. The purpose of the Gulf Island Fabrication, Inc. Second Amended and Restated 2015 Stock Incentive Plan (the "Plan") is to increase shareholder value and to advance the interests of Gulf Island Fabrication, Inc. ("Gulf Island") and its subsidiaries (collectively with Gulf Island, the "Company") by furnishing stock-based economic incentives (the "Incentives") designed to attract, retain, reward and motivate key employees, officers and directors of the Company and consultants and advisors to the Company and to strengthen the mutuality of interests between service providers and Gulf Island's shareholders. Incentives consist of opportunities to purchase or receive shares of Common Stock, no par value per share, of Gulf Island ("Common Stock") or cash valued in relation to Common Stock, on terms determined under the Plan. As used in the Plan, the term "subsidiary" means any corporation, limited liability company or other entity, of which Gulf Island owns (directly or indirectly) within the meaning of Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"), 50% or more of the total combined voting power of all classes of stock, membership interests, or other equity interests issued thereby.

2. Administration.

2.1. Composition. The Plan shall generally be administered by the Compensation Committee (the "Committee") of the Board of Directors of Gulf Island (the "Board"). The Committee shall consist of not fewer than two members of the Board, each of whom shall qualify as a "non-employee director" under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act") or any successor rule.

2.2. Authority. The Committee shall have plenary authority to administer the Plan, including awarding Incentives under the Plan and entering into agreements with, or providing notices to, participants as to the terms of the Incentives (the "Incentive Agreements"). Specifically, the Committee shall have full and final authority and discretion over the Plan and any Incentives granted under it, including, but not limited to, the right, power, and authority to: (a) determine the persons to whom Incentives will be granted under Section 3 and the time at which such Incentives will be granted; (b) subject to Section 6.6, determine the terms, provisions, and conditions of Incentives (including, if applicable, the number of shares of Common Stock covered by an Incentive), which need not be identical and need not match any default terms set forth in the Plan, and amend or modify any outstanding Incentives; (c) correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Incentive in the manner and to the extent it deems necessary or desirable to further the Plan's objectives; (d) establish, amend, and rescind any rules or regulations relating to the administration of the Plan that it determines to be appropriate; (e) resolve all questions of interpretation or application of the Plan or Incentives granted under the Plan; and (f) make any other determination that it believes necessary or advisable for the proper administration of the Plan. Committee decisions in matters relating to the Plan shall be final, binding, and conclusive on all persons, including,

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2.3. but not limited to, the Company, its shareholders, and Plan participants. The Committee may delegate its authority hereunder to the extent provided in Section 3.

3. Eligible Participants. Key employees, officers and directors of the Company and persons providing services as consultants or advisors to the Company shall become eligible to receive Incentives under the Plan when designated by the Committee. With respect to participants not subject to Section 16 of the 1934 Act, the Committee may delegate to appropriate officers of the Company its authority to designate participants, to determine the size and type of Incentives to be received by those participants and to set and modify the terms of such Incentives; provided, however, that the resolution so authorizing any such officer shall specify the total number of Incentives such officer may so award and such actions shall be treated for all purposes as if taken by the Committee, and provided further that the per share exercise price of any options granted by an officer, rather than by the Committee, shall be equal to the Fair Market Value (as defined in Section 12.11) of a share of Common Stock on the later of the date of grant or the date the participant's employment with or service to the Company commences.

4. Types of Incentives. Incentives may be granted under the Plan to eligible participants in the forms of (a) incentive stock options, (b) non-qualified stock options, (c) restricted stock, (d) restricted stock units ("RSUs"), (e) stock appreciation rights ("SARs") and (f) Other Stock-Based Awards (as defined in Section 10).

5. Shares Subject to the Plan.

5.1. Number of Shares. Subject to adjustment as provided in Section 12.5, the maximum number of shares of Common Stock that may be delivered to participants and their permitted transferees under the Plan shall be 3,500,000 shares, representing 2,500,000 shares previously authorized under the Plan, plus an additional 1,000,000 shares authorized in connection with the 2023 amendment and restatement of the Plan.

5.2. Share Counting. Any shares of Common Stock subject to an Incentive that is subsequently canceled, forfeited, or expires prior to exercise or realization, whether in full or in part, shall be available again for issuance or delivery under the Plan. Notwithstanding the foregoing, shares subject to an Incentive under the Plan shall not be available again for issuance or delivery under the Plan if such shares were (a) tendered in payment of the exercise price of a stock option; (b) covered by, but not issued upon settlement of, stock-settled SARs; (c) delivered to, or withheld by, the Company to satisfy any tax withholding obligation, or (d) purchased on the open market with option proceeds. If an Incentive, by its terms, may only be settled in cash, then the grant, vesting, payout, settlement, or forfeiture of such Incentive shall have no impact on the number of shares available for grant under the Plan.

5.3. Limitations on Awards. Subject to adjustment as provided in Section 12.5, the following additional limitations are imposed under the Plan:

(a) The maximum number of shares of Common Stock that may be issued upon exercise of stock options intended to qualify as incentive stock options under Section 422 of the Code shall be 3,500,000 shares.

(b) The maximum number of shares of Common Stock (including stock options and SARs) that may be granted to any one officer, employee, consultant, or advisor during any one calendar year shall be 300,000, not including any Incentives covered by the limitations of Section 5.3(e).

(c) Incentives with respect to an aggregate of 175,000 shares of Common Stock may be granted under the Plan to officers, directors, employees, consultants, or advisors without compliance with the minimum vesting periods or exceptions provided in Sections 6.3, 7.2, 8.2, 9.3 and 10.2.

(d) Each director who is not an employee of the Company may be granted Incentives with respect to no more than 25,000 shares of Common Stock each fiscal year.

(e) The maximum value of an Other Stock-Based Award that is valued in dollars rather than in shares of Common Stock (whether or not paid in Common Stock) scheduled to be paid out to any one officer, employee, consultant, or advisor during any one calendar year shall be $3,000,000.

5.4. Type of Common Stock. Common Stock issued under the Plan may be authorized and unissued shares or issued shares held as treasury shares.

6. Stock Options. A stock option is a right to purchase shares of Common Stock from Gulf Island. Stock options granted under the Plan may be incentive stock options (as such term is defined in Section 422 of the Code) or non-qualified stock options. Any option that is designated as a non-qualified stock option shall not be treated as an incentive stock option. Each stock option granted by the Committee under this Plan shall be subject to the following terms and conditions:

6.1. Price. The exercise price per share shall be determined by the Committee, subject to adjustment under Section 12.5; provided that in no event shall the exercise price be less than the Fair Market Value (as defined in Section 12.11) of a share of Common Stock on the date of grant, except in the case of a stock option granted in assumption of or substitution for an outstanding award of a company acquired by the Company or with which the Company combines.

6.2. Number. The number of shares of Common Stock subject to the option shall be determined by the Committee, subject to Section 5 and subject to adjustment as provided in Section 12.5.

6.3. Duration and Time for Exercise. The term of each stock option shall be determined by the Committee, but shall not exceed a maximum term of ten years. Each stock option shall become exercisable at such time or times during its term as shall be determined by the Committee; provided that, except as provided in Section 5.3(c), stock option awards shall not become fully exercisable prior to the third anniversary of the date of grant with incremental vesting of portions of the award over the three-year period permitted (provided, however, that no portion of the award may become exercisable prior

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to the first anniversary of the date of grant). Notwithstanding the foregoing, the Committee may accelerate the exercisability of any stock option (1) as provided under Section 12.3 in the event of termination of employment under the circumstances provided in the Incentive Agreement, and (2) as described in Section 12.10 in connection with a bank check, certified check, or escrow account check which Change of Control.

6.4. Repurchase. Upon approval of the Committee, the Company may repurchase a previously granted stock option from a participant by mutual agreement before such option has been negotiated exercised by payment to the participant of the amount per share by which: (a) the Fair Market Value (as defined in Section 12.11) of the Common Stock subject to the option on the business day immediately preceding the date of purchase exceeds (b) the exercise price, or by payment of such other mutually agreed upon amount; provided, however, that no such repurchase shall be permitted if prohibited by Section 6.6.

6.5. Manner of Exercise. A stock option may be exercised, in whole or in part, by giving written notice to the Company, specifying the number of shares of Common Stock to be purchased. The exercise notice shall be accompanied by the full purchase price for such shares. The option price shall be payable in United States dollars and may be paid (a) in cash; (b) by check; (c) by delivery of or attestation of ownership of shares of Common Stock, which shares shall be valued for this purpose at the Fair Market Value on the business day immediately preceding the date such option is exercised; (d) by delivery of irrevocable written instructions to a broker approved by the Company (with a copy to the Company) to immediately sell a portion of the shares, issuable under the option and to deliver promptly to the Company the amount of sale proceeds (or loan proceeds if the broker lends funds to the participant for delivery to the Company) to pay the exercise price; (e) if approved by the Committee, through a net exercise procedure whereby the optionee surrenders the option in exchange for that number of shares of Common Stock with an aggregate Fair Market Value equal to the difference between the aggregate exercise price of the options being surrendered and the aggregate Fair Market Value of the shares of Common Stock subject to the option; or (f) in such other manner as may be authorized from time to time by the Committee.

6.6. Repricing. Except for adjustments pursuant to Section 12.5 or actions permitted to be taken by the Committee under Section 12.10(c) in the event of a Change of Control, unless approved by the shareholders of the Company, (a) the exercise or base price for any outstanding option or SAR granted under this Plan may not be decreased after the date of grant and (b) an outstanding option or SAR that has been granted under this Plan may not, as of any date that such option or SAR has a per share exercise price that is greater than the then current Fair Market Value of a share of Common Stock, be surrendered to the Company as consideration for the grant of a new option or SAR with a lower exercise price, shares of restricted stock, RSUs, an Other Stock-Based Award, a cash payment or Common Stock.

6.7. No Dividend Equivalent Rights. A participant receiving a stock option shall not be entitled to any dividend equivalent rights for any period of time prior to exercise of the stock option.

6.8. Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options that are intended to qualify as incentive stock options (as such term is defined in Section 422 of the Code):

(a) Any incentive stock option agreement authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain or be deemed to contain all provisions required in order to qualify the options as incentive stock options.

(b) All incentive stock options must be granted within ten years from the date on which this Plan is adopted by the Board.

(c) No incentive stock options shall be granted to any non-employee or to any participant who, at the time such option is granted, would own (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporation.

(d) The aggregate Fair Market Value (determined with respect to each incentive stock option as of the time such incentive stock option is granted) of the Common Stock with respect to which incentive stock options are exercisable for the first time by a participant during any calendar year (under the Plan or any other plan of Gulf Island or any of its subsidiaries) shall not exceed $100,000.

To the extent that such limitation is exceeded, the excess options shall be treated as non-qualified stock options for federal income tax purposes.

7. Restricted Stock.

7.1. Grant of Restricted Stock. The Committee may award shares of restricted stock to such eligible participants as the Committee determines pursuant to the terms of Section 3. An award of restricted stock shall be subject to such restrictions on transfer and forfeitability provisions and such other terms and conditions, including the attainment of specified performance goals, as the Committee may determine, subject to the provisions of the Plan.

7.2. The Restricted Period. At the time an award of restricted stock is made, the Committee shall establish a period of time during which the transfer of the shares of restricted stock shall be restricted and after which the shares of restricted stock shall be vested (the "Restricted Period"). The Restricted Period shall be a minimum of three years with incremental vesting of portions of the award over the three-year period permitted (provided, however, that no portion of the award may vest prior to the first anniversary of the date of grant), with the following exceptions:

(a) If the vesting of the shares of restricted stock is based upon the attainment of performance goals as described in Section 11, a minimum Restricted Period of one year is allowed.

(b) No minimum Restricted Period applies to grants under Section 5.3(c) hereof.

Each award of restricted stock may have a different Restricted Period. The expiration of the Restricted Period shall also occur: (1) as provided under Section 12.3 in the event of termination of employment under the circumstances provided in the Incentive Agreement, and (2) as described in Section 12.10 in connection with a Change of Control.

7.3. Escrow. The participant receiving restricted stock shall enter into an Incentive Agreement with the Company setting forth the conditions of the grant. Any certificates representing shares of restricted stock shall be registered in the name of the participant and deposited with the Company, together with a stock power endorsed in blank by the participant. Each such certificate shall bear a legend in substantially the following form:

The transferability of this certificate and the shares of Common Stock represented by it are subject to the terms and conditions (including conditions of forfeiture) contained in the Gulf Island Fabrication, Inc. (the "Company") Second Amended and Restated 2015 Stock

Incentive Plan (the “Plan”), and an agreement entered into between the registered owner and Company thereunder. Copies of the Plan and the agreement are on file at the principal office of the Company.

Alternatively, in the discretion of the Company, ownership of the shares of restricted stock and the appropriate restrictions shall be reflected in the records of the Company’s transfer agent and no physical certificates shall be issued prior to vesting.

7.4. Dividends on Restricted Stock. Any and all cash and stock dividends paid with respect to the shares of restricted stock shall be subject to any restrictions on transfer, forfeitability provisions or reinvestment requirements as the Committee may, in its discretion, prescribe in the Incentive Agreement. If the vesting of the shares of restricted stock is based upon the attainment of performance goals, any and all cash and stock dividends paid with respect to the shares of restricted stock shall be subject to the attainment of the performance goals applicable to the underlying shares of restricted stock.

7.5. Forfeiture. In the event of the forfeiture of any shares of restricted stock under the terms provided in the Incentive Agreement (including any additional shares of restricted stock that may result from the reinvestment of cash and stock dividends, if so provided in the Incentive Agreement), such forfeited shares shall be surrendered and any certificates cancelled. The participants shall have the same rights and privileges, and be subject to the same forfeiture provisions, with respect to any additional shares received pursuant to Section 12.5 due to a recapitalization or other change in capitalization.

7.6. Expiration of Restricted Period. Upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Committee, the restrictions applicable to the restricted stock shall lapse and a stock certificate for the number of shares of restricted stock with respect to which the restrictions

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have lapsed shall be delivered or book or electronic entry evidencing ownership shall be provided, free of all such restrictions and legends, except any that may be imposed by law, to the participant or the participant’s estate, as the case may be.

7.7. Rights as a Shareholder. Subject to the terms and conditions of the Plan and subject to any restrictions on the receipt of dividends that may be imposed in the Incentive Agreement, each participant receiving restricted stock shall have all the rights of a shareholder with respect to shares of stock during the Restricted Period, including without limitation, the right to vote any shares of Common Stock.

8. Restricted Stock Units.

8.1. Grant of Restricted Stock Units. A restricted stock unit, or RSU, represents the right to receive from the Company on the respective scheduled vesting or payment date for such RSU, one share of Common Stock. An award of RSUs may be subject to the attainment of specified performance goals or targets, forfeitability provisions and such other terms and conditions as the Committee may determine, subject to the provisions of the Plan.

8.2. Vesting Period. At the time an award of RSUs is made, the Committee shall establish a period of time during which the RSUs shall vest (the "Vesting Period"). The Vesting Period shall be a minimum of three years with incremental vesting over the three-year period permitted (provided, however, that no portion of the award may vest prior to the first anniversary of the date of grant), with the following exceptions:

(a) If the vesting of the shares of RSUs is based upon the attainment of performance goals as described in Section 11, a minimum Vesting Period of one year is allowed.

(b) No minimum Restricted Period applies to grants of RSUs under Section 5.3(c) hereof.

Each award of RSUs may have a different Vesting Period. The acceleration of the expiration of the Vesting Period shall occur: (1) as provided under Section 12.3 in the event of termination of employment under the circumstances provided in the Incentive Agreement, and (2) as described in Section 12.10 in connection with a Change of Control.

8.3. Dividend Equivalent Accounts. Subject to the terms and conditions of this Plan and the applicable Incentive Agreement, as well as any procedures established by the Committee, the Committee may determine to pay dividend equivalent rights with respect to RSUs, in which case, unless determined by the Committee to be paid currently, the Company shall establish an account for the participant and reflect in that account any securities, cash or other property comprising any dividend or property distribution with respect to the share of Common Stock underlying each RSU. The participant shall have no rights to the amounts or other property credited to such account until the applicable RSU vests. Notwithstanding the above, if the vesting of the RSUs is based upon the attainment

of performance goals, any and all dividend equivalent rights with respect to the RSUs shall be subject to the attainment of the performance goals applicable to the underlying RSUs.

8.4. Rights as a Shareholder. Subject to the restrictions imposed under the terms and conditions of this Plan and subject to any other restrictions that may be imposed in the Incentive Agreement, each participant receiving RSUs shall have no rights as a shareholder with respect to such RSUs until such time as shares of Common Stock are issued to the participant.

8.5. Compliance with Section 409A of the Code. RSU awards shall be designed and operated in such a manner that they are either exempt from the application or comply with the requirements of Section 409A of the Code.

9. Stock Appreciation Rights.

9.1. Grant of Stock Appreciation Rights. A stock appreciation right, or SAR, is a right to receive, without payment to the Company, a number of shares of Common Stock, cash or any combination thereof, the number or amount of which is determined pursuant to the formula set forth in Section 9.5. Each SAR granted by the Committee under the Plan shall be subject to the terms and conditions provided herein.

9.2. Number. Each SAR granted to any participant shall relate to such number of shares of Common Stock as shall be determined by the Committee, subject to adjustment as provided in Section 12.5.

9.3. Duration and Time for Exercise. The term of each SAR shall be determined by the Committee, but shall not exceed a maximum term of ten years. Each SAR shall become exercisable at such time or times during its term as shall be determined by the Committee; provided that, except as provided in Section 5.3(c), SARs shall not become fully exercisable prior to the third anniversary of the date of grant with incremental vesting of portions of the award over the three-year period permitted (provided, however, that no portion of the award may become exercisable prior to the first anniversary of the date of grant). Notwithstanding the foregoing, the Committee may accelerate the exercisability of any SAR (1) as provided under Section 12.3 in the event of termination of employment under the circumstances provided in the Incentive Agreement, and (2) as described in Section 12.10 in connection with a Change of Control.

9.4. Exercise. A SAR may be exercised, in whole or in part, by giving written notice to the Company, specifying the number of SARs that the holder wishes to exercise. The date that the Company receives such written notice shall be referred to herein as the "Exercise Date." The Company shall, within 30 days of an Exercise Date, deliver to the exercising holder certificates for the shares of Common Stock to which the holder is entitled pursuant to Section 9.5 or cash or both, as provided in the Incentive Agreement.

9.5. Payment. The number of shares of Common Stock which shall be issuable upon the exercise of a SAR payable in Common Stock shall be determined by dividing:

(a) the number of shares of Common Stock as to which the SAR is exercised, multiplied by the amount of the appreciation in each such share (for this purpose, the "appreciation" shall be the amount by which the Fair Market Value of a share of Common Stock subject to the SAR on the trading day prior to the Exercise Date exceeds the "Base Price," which is an amount, not less than the

Fair Market Value of a share of Common Stock on the date of grant, which shall be determined by the Committee at the time of grant, subject to adjustment under Section 12.5); by

(b) the Fair Market Value of a share of Common Stock on the Exercise Date.

No fractional shares of Common Stock shall be issued upon the exercise of a SAR; instead, the holder of a SAR shall be entitled to purchase the portion necessary to make a whole share at its Fair Market Value on the Exercise Date.

If so provided in the Incentive Agreement, a SAR may be exercised for cash equal to the Fair Market Value of the shares of Common Stock that would be issuable under this Section 9.5, if the exercise had been for Common Stock.

9.6. No Dividend Equivalent Rights. A participant receiving an SAR shall not be entitled to any dividend equivalent rights for any period of time prior to exercise of the SAR.

10. Other Stock-Based Awards.

10.1. Grant of Other Stock-Based Awards. Subject to the limitations described in Section 10.2, the Committee may grant to eligible participants "Other Stock-Based Awards," which shall consist of awards (other than options, restricted stock, RSUs or SARs described in Sections 6 through 9) paid out in shares of Common Stock or the value of which is based in whole or in part on the value of shares of Common Stock. Other Stock-Based Awards may be awards of shares of Common Stock, awards of phantom stock or may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of, or appreciation in the value of, Common Stock (including, without limitation, securities convertible or exchangeable into or exercisable for shares of Common Stock), as deemed by the Committee consistent with the purposes of this Plan. The Committee shall determine the terms and conditions of any Other Stock-Based Award (including which rights of a shareholder, if any, the recipient shall have with respect to Common Stock associated with any such award) and may provide that such award is payable in whole or in part in cash. An Other Stock-Based Award may be subject to the attainment of such specified performance goals or targets as the Committee may determine, subject to the provisions of this Plan.

10.2. Limitations. Except as permitted in Section 5.3(c), Other Stock-Based Awards granted under this Section 10 shall be subject to a vesting period of at least three years, with incremental vesting of portions of the award over the three-year period permitted (provided, however, that no portion of the award may vest prior to the first anniversary of the date of grant), with the following exception: if the vesting of the award is based upon the attainment of performance goals, a minimum vesting period of one year is allowed, with incremental vesting of portions of the award over the one-year period permitted. Notwithstanding the foregoing, the Committee may accelerate the vesting of an Other Stock-Based Award (1) as provided under Section 12.3 in the event of termination of employment under the circumstances provided in the Incentive Agreement, and (2) as described in Section 12.10 in connection with a Change of Control.

10.3. Dividend Equivalent Accounts. Subject to the terms and conditions of this Plan and the applicable Incentive Agreement, as well as any procedures established by the Committee, the Committee may determine to pay dividend equivalent rights with respect to Other Stock-Based Awards , in which case, unless determined by the Committee to be paid currently, the Company shall establish an account for the participant and reflect in that account any securities, cash or other property comprising any dividend or property distribution with respect to the share of Common Stock underlying each Other Stock-Based Award. The participant shall have no rights to the amounts or other property credited to such account until the applicable Other Stock-Based Award vests. Notwithstanding the above, if the vesting of the Other Stock-Based Award is based upon the attainment of performance goals, any and all dividend equivalent rights with respect to the Other Stock-Based Award shall be subject to the attainment of the performance goals applicable to the underlying Other Stock-Based Award.

10.4. Compliance with Section 409A of the Code. Other Stock-Based Awards shall be designed and operated in such a manner that they are either exempt from the application or comply with the requirements of Section 409A of the Code.

11.Performance Goals. Restricted stock, RSUs or Other Stock-Based Awards granted under the Plan may be structured such that the vesting, grant, or payment of such awards is conditioned on the achievement of one or more performance goals. The performance goals shall be determined by the Committee and may include any or a combination of the following performance measures or others applied to the Company, Gulf Island, a division, or a subsidiary: earnings per share, return on assets, an economic value added measure, shareholder return, earnings, stock price, return on equity, return on total capital, safety performance, reduction of expenses or increase in cash flow. For any performance period, such performance objectives may be measured on an absolute basis, relative to a group of peer companies selected by the Committee, relative to internal goals, or relative to levels attained in prior years.

12.General.

12.1. Duration. No Incentives may be granted under the Plan after May 18, 2033; provided, however, that subject to Section 12.9, the Plan shall remain in effect after such date with respect to Incentives granted prior to that date, until all such Incentives have either been satisfied by the issuance of shares of Common Stock or otherwise been terminated under the terms of the Plan and all restrictions imposed on shares of Common Stock in connection with their issuance under the Plan have lapsed.

12.2. Transferability. No Incentives granted hereunder may be transferred, pledged, assigned or otherwise encumbered by a participant except: (a) by will; (b) by the laws of descent and distribution; (c) if permitted by the Committee and so provided in the Incentive Agreement or an amendment thereto, pursuant to a domestic relations order, as defined in the Code; or (d) as to options only, if permitted by the Committee and so provided in the Incentive Agreement or an amendment thereto, (i) to Immediate Family Members; (ii) to a partnership in which the participant and/or Immediate Family Members, or entities in which the participant and/or Immediate Family Members are the sole owners, members or beneficiaries, as appropriate, are the sole partners; (iii) to a limited liability company in which the participant and/or Immediate Family Members, or entities in which the participant and/or Immediate Family Members are the sole owners, members or beneficiaries, as appropriate, are the sole members; or (iv) to a trust for the sole benefit of the participant and/or Immediate Family Members. "Immediate Family Members" shall be defined as the spouse and natural or adopted children or grandchildren of the participant and their spouses. To the extent that an incentive stock option is permitted to be transferred during the lifetime of the participant, it shall be treated thereafter as a nonqualified stock option. Any attempted assignment, transfer, pledge, hypothecation or other disposition of Incentives, or levy of attachment or similar process upon Incentives not specifically permitted herein, shall be null and void and without effect.

12.3. Effect of Termination of Employment or Death. In the event that a participant ceases to be an employee of the Company or to provide services to the Company for any reason, including death, disability, early retirement or normal retirement, any Incentives may be exercised, shall vest or shall expire at such times as may be determined by the Committee and provided in the Incentive Agreement.

12.4. Additional Conditions. Anything in this Plan to the contrary notwithstanding: (a) the Company may, if it shall determine it necessary or desirable for any reason, at the time of award of any Incentive or the issuance of any shares of Common Stock pursuant to any Incentive, require the recipient of the Incentive, as a condition to the receipt thereof or to the receipt of shares of Common Stock issued pursuant thereto, to deliver to the Company a written representation of present intention to acquire the Incentive or the shares of Common Stock issued pursuant thereto for his own account for investment and not for distribution; and (b) if at any time the Company further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of any Incentive or the shares of Common Stock issuable pursuant thereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the award of any Incentive, the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such Incentive shall not be awarded or such shares of Common Stock shall not be issued or such restrictions shall not be removed, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

12.5. Adjustment. In the event of any recapitalization, reclassification, stock dividend, stock split, combination of shares or other similar change in the Common Stock, the number of

shares of Common Stock then subject to the Plan, including shares subject to outstanding Incentives, and any and all other limitations provided in the Plan limiting the number of shares of Common Stock that may be issued hereunder, shall be adjusted in proportion to the change in outstanding shares of Common Stock. In the event of any such adjustments, the price of any option, the Base Price of any SAR and the performance objectives of any Incentive shall also be adjusted to provide participants with the same relative rights before and after such adjustment. No substitution or adjustment shall require the Company to issue a fractional share under the Plan and the substitution or adjustment shall be limited by deleting any fractional share.

12.6. Withholding.

(a) The Company shall have the right to withhold from any payments made or stock issued under the Plan or to collect as a condition of payment, issuance or vesting, any taxes required by law to be withheld. At any time that a participant is required to pay to the Company an amount required to be withheld under applicable income tax laws in connection with an Incentive, the participant may, subject to Section 12.6(b) below, satisfy this obligation in whole or in part by electing (the "Election") to deliver currently owned shares of Common Stock or to have the Company withhold shares of Common Stock, in each case having a value up to the maximum statutory amount required to be withheld under federal, state and local law. The value of the shares to be delivered or withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld shall be determined ("Tax Date").

(b) Each Election must be made prior to the Tax Date. For participants who are not subject to Section 16 of the 1934 Act, the Committee may disapprove of any Election, may suspend or terminate the right to make Elections, or may provide with respect to any Incentive that the right to make Elections shall not apply to such Incentive. If a participant makes an election under Section 83(b) of the Code with respect to shares of restricted stock, an Election to have shares withheld to satisfy withholding taxes is not permitted to be made.

12.7. No Continued Employment. No participant under the Plan shall have any right, because of his or her participation, to continue in the employ of the Company for any period of time or to any right to continue his or her present or any other rate of compensation.

12.8. Deferral Permitted. Payment of an Incentive may be deferred at the option of the participant if permitted in the Incentive Agreement. Any deferral arrangements shall comply with Section 409A of the Code.

12.9. Amendments to or Termination of the Plan. The Board may amend or discontinue this Plan at any time; provided, however, that no such amendment may:

(a) materially revise the Plan without the approval of the shareholders. A material revision of the Plan includes (i) except for adjustments permitted herein, a material increase to the maximum number of shares of Common Stock that may be issued through the Plan; (ii) a material increase to the benefits accruing to participants under the Plan; (iii) a material expansion of the classes of persons eligible to participate in the Plan; (iv) an expansion of the types of awards available for grant under the Plan; (v) a material extension of the term of the Plan and (vi) a material change that reduces the price at which shares of Common Stock may be offered through the Plan;

(b) amend Section 6.6 to permit repricing of options or SARs without the approval of shareholders; or

(c) materially impair, without the consent of the recipient, an Incentive previously granted, except that the Company retains all of its rights under Section 12.10.

12.10. Change of Control.

(a) "Change of Control" shall mean:

(i) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the 1934 Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 30% or more of the outstanding shares of Common Stock, or 30% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control:

(1) any acquisition (other than a Business Combination which constitutes a Change of Control under Section 12.10(a)(iii) hereof) of Common Stock directly from the Company;

(2) any acquisition of Common Stock by the Company;

(3) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the

Company; or

(4) any acquisition of Common Stock by any entity pursuant to a Business Combination that does not constitute a Change of Control under Section 12.10(a)(iii) hereof; or

(ii) individuals who, as of the date this Plan was adopted by the Board (the "Approval Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the

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Approval Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the mortgagee, Incumbent Board; or

(iii) consummation of a reorganization, share exchange, merger, or consolidation (including any such transaction involving any direct or indirect subsidiary of the Company), or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"); provided, however, that in no such case shall any such transaction constitute a Change of Control if immediately following such Business Combination,

(1) all or substantially all of the individuals and entities who were the beneficial owners of the outstanding Common Stock and the Company's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect beneficial ownership, respectively, of more than 50% of the then outstanding shares of Common Stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which, for purposes of this paragraph (1) and paragraphs (2) and (3), shall include a corporation which as a result of such transaction owns the Company or all or substantially all of its assets either directly or through one or more subsidiaries); and

(2) except to the extent that such ownership existed prior to the Business Combination, no Person (excluding any corporation resulting from such Business Combination and any employee benefit plan or related trust of the Company, the corporation resulting from such Business Combination, or any subsidiary of either corporation) beneficially owns, directly or indirectly, 25% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 25% or more of the combined voting power of the then outstanding voting securities of such corporation; and

(3) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

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(iv) approval by the shareholders of the Company of a plan of complete liquidation or dissolution of the Company.

(b) Notwithstanding Section 12.3 and unless otherwise provided in an Incentive Agreement, if there has been a Change of Control, and within one year following such Change of Control a participant's employment with the Company is terminated by the Company without Cause or by such participant with Good Reason, all outstanding Incentives granted to such participant pursuant to the Plan shall automatically become fully vested and exercisable, all restrictions or limitations on any Incentives shall lapse and all performance criteria and other conditions relating to the payment of Incentives shall be deemed to be achieved or waived at the target level by Gulf Island without the necessity of action by any person. Unless otherwise defined in an Incentive Agreement:

(i) "Cause" shall be defined as any of the following: (1) the commission by the participant of an illegal act (other than traffic violations or misdemeanors punishable solely by the payment of a fine); (2) the engagement of the participant in dishonest or unethical conduct, as determined by the Committee or its designee; (3) the commission by the participant of any fraud, theft, embezzlement, or misappropriation of funds; (4) the failure of the participant to carry out a directive of his superior, employer or principal; or (5) the breach of the Participant of the terms of his engagement.

(ii) "Good Reason" shall be defined as any of the following (without the participant's express written consent): (1) a material diminution in the participant's base salary as of the day immediately preceding the Change in Control or (2) other documentary evidence the Company's requiring the participant to be based at any office or location more than 50 miles from participant's principal office or location as of the day immediately preceding the Change in Control. Notwithstanding the foregoing, the participant shall not have the rights described in Section 12.10(b) in connection with a termination of his employment with Good Reason unless (a) within 30 days of the initial existence of the condition or conditions giving rise to such right the participant provides written notice to the Company of the existence of such condition or conditions, and (b) the Company fails to remedy such condition or conditions within 30 days following the receipt of payment such written notice (the "Cure Period"). If any such condition is not remedied within the Cure Period, the participant must terminate his employment with the Company within a reasonable period of time, not to exceed 30 days, following the end of the Cure Period.

(c) No later than 30 days after the approval by the mortgagee, including but Board of a Change of Control of the types described in subsections (iii) or (iv) of Section 12.10(a) and no later than 30 days after a Change of Control of the type described in subsections (i) and (ii) of Section 12.10(a), the Committee (as the Committee was composed immediately prior to such Change of Control and notwithstanding any removal or

attempted removal of some or all of the members thereof as directors or Committee members), acting in its sole discretion without the consent or approval of any participant, may act to effect one or more of the alternatives listed below and such act by the Committee may not limited be revoked or rescinded by persons not members of the Committee immediately prior to verification the Change of Control:

(i) require that all exercisable options and SARs be exercised on or before a specified date (before or after such Change of Control) fixed by the Committee, after which specified date all unexercised options shall terminate;

(ii) make such equitable adjustments to Incentives then outstanding as the Committee deems appropriate to reflect such Change of Control (provided, however, that the funds were wired Committee may determine in its sole discretion that no adjustment is necessary);

(iii) provide for mandatory conversion of some or all of the exercisable options and SARs held by some or all participants as of a date, before or after such Change of Control, specified by the Committee, in which event such options and SARs shall be deemed automatically cancelled and the Company shall pay, or cause to be paid, to each such participant an amount of cash per share equal to the mortgagee, that more than sixty days have elapsed since the date payment was received by the mortgagee and that the mortgagee has not returned documentary authorization for cancellation excess, if any, of the mortgage; and that the mortgagee has been given at least fifteen days notice in writing Change of Control Value of the intention shares subject to execute such option and record SAR, as defined and calculated below, over the exercise price(s) of such options and SARs or, in lieu of such cash payment, the issuance of Common Stock or securities of an affidavit acquiring entity having a Fair Market Value equal to such excess; or

(iv) provide that thereafter upon any exercise of an option or SAR the participant shall be entitled to purchase under such option or SAR, in accordance with R.S. 9:5167.1, with a copy lieu of the proposed affidavit attached number of shares of Common Stock then covered by such option or SAR, the number and class of shares of stock or other securities or property (including, without limitation, cash) to which the participant would have been entitled pursuant to the written notice. Affiant declares that he has attached all evidence required by law.

[ ] *An obligee terms of record requesting cancellation under R.S. 9:5168*, herein declaring that affiant is the obligee agreement providing for the reorganization, merger, consolidation or asset sale, if, immediately prior to such Change of Control, the participant had been the holder of record of the mortgage or vendor's privilege securing a paraphed promissory note number of shares of Common Stock then covered by such options and that SARs.

(d) For the note has been lost or destroyed and cannot be presented; that purpose of paragraph (iii) of Section 12.10(c), the note is paid, forgiven, or otherwise satisfied; and that affiant has not sold, transferred, or assigned "<u>Change of Control Value</u>" shall equal the note to any other person or entity. If affiant is not the Original Obligee of Record, but an Obligee of Record amount determined by recorded Assignment whichever of the inscription following items is applicable:

(i) the per share price to be cancelled, a list paid to shareholders of recorded assignments is attached.

[X] *An obligee of record requesting release under R.S. 9:5169*, declaring that affiant is herein acknowledging the satisfaction, releasing Gulf Island in any such merger, consolidation or acknowledging the extinction of the mortgage or privilege. If affiant is not the Original Obligee of Record, but an Obligee of Record by recorded Assignment of the inscription to be cancelled, affiant has attached a list of recorded assignments. JUDGMENTS OR LEGAL MORTGAGES MAY NOT BE CANCELLED USING THIS FORM.

other reorganization;

[ ] (ii)the price per share offered to shareholders of Gulf Island in any tender offer or exchange offer whereby a Change of Control takes place;

(iii) in all other events, the Fair Market Value per share of Common Stock into which such options being converted are exercisable, as determined by the Committee as of the date determined by the Committee to be the date of conversion of such options; or

(iv) in the event that the consideration offered to shareholders of Gulf Island in any transaction described in this Section 12.10 consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered that is other than cash.

12.11.Definition of Fair Market Value An affiant requesting cancellation under R.S. 9:5170. Whenever ", herein declaring Fair Market Value" of Common Stock shall be determined for purposes of this Plan, except as provided below in connection with a cashless exercise through a broker, it shall be determined as follows: (i) if the Common Stock is listed on an established stock exchange or any automated quotation system that he provides sale quotations, the closing sale price for a share of the Common Stock on such exchange or quotation system on the date as of which fair market value is attaching herewith

______ The paraphed obligation marked "PAID" to be determined, or "CANCELLED"; if no sale of the Common Stock shall have been made on that day, on the next preceding day on which there was a sale of the Common Stock; (ii) if the Common Stock is not listed on any exchange or

______ An authentic act quotation system, but bid and asked prices are quoted and published, the mean between the quoted bid and asked prices on the date as of release conforming which fair market value is to be determined, and if bid and asked prices are not available on such day, on the next preceding day on which such prices were available; and (iii) if the Common Stock is not regularly quoted, the fair market value of a share of Common Stock on the date as of which fair market value is to be determined, as established by the Committee in good faith. In the context of a cashless exercise through a broker, the "Fair Market Value" shall be the price at which the Common Stock subject to the requirements stock option is actually sold in the market to pay the option exercise price.

12.12.Clawback Provisions. All Incentives (including any proceeds, gains or other economic benefit an Incentive recipient actually or constructively receives upon receipt or exercise of R.S. 9:5170(A)(2). any Incentive or the receipt or resale of any shares of Common Stock underlying the Incentive) will be subject to any Company clawback policy implemented to comply with applicable laws, including any clawback policy adopted to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, as set forth in such a clawback policy or the Incentive Agreement.

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[ ] *A duly authorized officer of a Licensed Financial Institution under R.S. 9:5172*, herein declaring that the institution was the obligee or the authorized agent of the obligee of the obligation secured As amended by the mortgage or privilege when the obligation was extinguished and that the secured obligation has been paid or otherwise satisfied or extinguished; or that the institution is the obligee or authorized agent Board of the obligee of the secured obligation and that it releases the mortgage or privilege and directs the recorder Directors on March 20, 2024, to cancel its recordation.

AFFIANT HEREBY EXPRESSLY REQUESTS, AUTHORIZES, AND DIRECTS, in accordance with the provisions of the applicable statute indicated by the checked box above and in accordance with the provisions of Civil Code Article 3366, that the Clerk of Court and ex officio Recorder of Mortgages for the **Parish of Terrebonne to PARTIALLY CANCEL** the following:

Mortgage

Granted/Made by: Gulf Island, L.L.C., a Louisiana limited liability company; and Gulf Island Services, L.L.C., a Louisiana limited liability company f/k/a Dolphin Services, L.L.C.

In favor of: Zurich American Insurance Company; and Fidelity & Deposit Company of Maryland

Instrument dated: April 20, 2021, and recorded in the mortgage records of Terrebonne Parish, Louisiana on April 21, 2021at Instrument No. 1625076.

LEGAL DESCRIPTION OF PROPERTY TO BE RELEASED FROM THE MORTGAGE:

SEE ATTACHMENT HERETO MADE A PART HEREOF.

AFFIANT DECLARES that he has attached property descriptions as required by law, and that he is aware that if no property description is attached, this Affidavit will be rejected.

AFFIANT FURTHER DECLARES that if this Affidavit is intended to cancel related inscriptions, such as assignments or subordinations, in a parish where the clerk allows such cancellations, he has attached a separate list of related inscriptions.

AFFIANT WARRANTS that affiant has complied with all requirements of applicable law, including full or partial discharge of the obligation where the law requires. revise Section 12.6(a).

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AFFIANT AGREES to be liable to and to indemnify the Clerk of Court as ex officio recorder of mortgages and any person relying upon the cancellation by this affidavit for any claims or damages suffered as a consequence of such reliance if this affidavit contains materially false or incorrect statements.

AFFIANT ACKNOWLEDGES BY HIS SIGNATURE BELOW that the contents of this affidavit are true and correct to the best of his knowledge, information, and belief, and further that he is aware that knowingly preparing, signing, or filing a uniform cancellation affidavit containing materially false or incorrect statements shall subject the affiant to civil and criminal liability under Louisiana law, including the provisions of R.S. 9:5174, R.S. 14:125, and R.S. 14:133.

Affiant's Signature: /s/ James W. Hamel__________________

Printed Name: James W. Hamel________________________

Company Name: Zurich American Insurance Company

Title: Authorized Representative (Its duly authorized agent)

Mailing Address: _______________

City: __________________

Telephone # __________________ Email: ______________________

SWORN TO AND SUBSCRIBED before me this ____ day of ____________, 2024.

Notary Signature:

Printed Name of Notary:

State of Appointment :

Notary or Bar No.:

My Commission Expires:

(Affix Seal)

Affiant's Signature: /s/ James W. Hamel____________________

Printed Name: James W. Hamel__________________________

Company Name: Fidelity & Deposit Company of Maryland

Title: Authorized Representative (Its duly authorized agent)

Mailing Address: _______________

City: __________________

Telephone # ____________________ Email: _______________________

SWORN TO AND SUBSCRIBED before me this ____ day of ____________, 2024.

Notary Signature:

Printed Name of Notary:

State of Appointment :

Notary or Bar No.:

My Commission Expires:

(Affix Seal)

{Signature Page to Uniform Cancellation Affidavit}

FILER: Fill out below if filer is NOT the affiant:

REQUEST TO CANCEL

In accordance with the provisions of Civil Code Article 3366, the undersigned filer requests the Clerk of Court and ex officio Recorder of Mortgages to file this Uniform Cancellation Affidavit and hereby requests the cancellation referenced therein.

Signature: /s/ Remy Donnelly___________________

Printed Name: Remy Donnelly____________________

Company: Jones Walker LLP____________________

Title: Partner

Mailing Address: ________________________________

City: ____

Telephone #: _____________________________________

Email: ____

Exhibit “A”

PROPERTY DESCRIPTION

Tract 1

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Tract 2

0000950170-24-054803img180094687_1.jpg

A-1

Tract 3

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Tract 4

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A-2

Tract 5

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Tract 6

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A-3

Exhibit 31.1

Certifications

I, Richard W. Heo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaini disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) a internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for t registrant and have:

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

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

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures ai presented in this report our conclusions about the effectiveness of the disclosure controls ai 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 reporti that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in tl case of an annual report) that has materially affected, or is reasonably likely to materially affect, tl registrant's internal control over financial reporting; and

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

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

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

Date: May 7, 2024 August 6, 2024

/s/ Richard W. Heo

Richard W. Heo
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

Certifications

I, Westley S. Stockton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaini disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) a internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for t registrant and have:

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

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

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures a presented in this report our conclusions about the effectiveness of the disclosure controls a 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 reporti that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in tl case of an annual report) that has materially affected, or is reasonably likely to materially affect, tl registrant's internal control over financial reporting; and

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

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

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

Date: May 7, 2024 August 6, 2024

/s/ Westley S. Stockton

Westley S. Stockton

Executive Vice President, Chief Financial Officer,

Secretary and Treasurer (Principal Financial Officer and

Principal Accounting Officer)

Exhibit 32

Certification Furnished 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 Gulf Island Fabrication, Inc. (the "Company") for the quarter ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, who are the Chief Executive Officer and Chief Financial Officer of the Company, certify pursuant to U.S.C. Section 1350, as adopted pursuant to of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securiti Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financ condition and results of operations of the Company for the period covered by the Report.

By: /s/ Richard W. Heo

Richard W. Heo
President, Chief Executive Officer and Director
(Principal Executive Officer)
May 7, 2024 August 6, 2024

By: /s/ Westley S. Stockton

Westley S. Stockton
Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
May 7, August 6, 2024

A signed original of this written statement required by Section 906 has been provided to Gulf Island Fabrication, Inc. and will be retained by Gulf Island Fabrication, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.