

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the Quarterly Period Ended  
October 31, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 001-31756**



(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**13-1947195**

(I.R.S. Employer Identification No.)

**4075 Wilson Boulevard, Suite 440, Arlington, Virginia 22203**

(Address of Principal Executive Offices) (Zip Code)

**(301) 315-0027**

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed since Last Report)

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 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

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

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.15 par value	AGX	New York Stock Exchange

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Common stock, \$0.15 par value: 13,873,410 shares as of November 28, 2025.

**ARGAN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	2025	2024	2025	2024
<b>REVENUES</b>	\$ 251,153	\$ 257,008	\$ 682,556	\$ 641,705
Cost of revenues	204,204	212,681	554,477	548,329
<b>GROSS PROFIT</b>	46,949	44,327	128,079	93,376
Selling, general and administrative expenses	14,316	13,995	41,049	37,848
<b>INCOME FROM OPERATIONS</b>	32,633	30,332	87,030	55,528
Other income, net	7,061	6,646	18,086	17,044
<b>INCOME BEFORE INCOME TAXES</b>	39,694	36,978	105,116	72,572
Provision for income taxes	8,957	8,968	16,554	18,482
<b>NET INCOME</b>	30,737	28,010	88,562	54,090
<b>OTHER COMPREHENSIVE INCOME, NET OF TAXES</b>				
Foreign currency translation adjustments	165	(957)	3,535	(1,933)
Net unrealized gains (losses) on available-for-sale securities	1,296	(659)	2,894	(169)
<b>COMPREHENSIVE INCOME</b>	\$ 32,198	\$ 26,394	\$ 94,991	\$ 51,988
<b>EARNINGS PER SHARE</b>				
Basic	\$ 2.22	\$ 2.07	\$ 6.45	\$ 4.04
Diluted	\$ 2.17	\$ 2.00	\$ 6.27	\$ 3.91
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>				
Basic	13,830	13,530	13,731	13,398
Diluted	14,157	14,034	14,134	13,830
<b>CASH DIVIDENDS PER SHARE</b>	\$ 0.500	\$ 0.375	\$ 1.250	\$ 0.975

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

**ARGAN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands, except per share data)  
(Unaudited)

	October 31, 2025	January 31, 2025
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 306,294	\$ 145,263
Investments	420,527	379,874
Accounts receivable, net	170,381	175,808
Contract assets	38,402	28,430
Other current assets	61,567	51,925
<b>TOTAL CURRENT ASSETS</b>	<u>997,171</u>	<u>781,300</u>
Property, plant and equipment, net	15,777	14,463
Goodwill	28,033	28,033
Intangible assets, net	1,532	1,826
Deferred taxes, net	—	552
Right-of-use and other assets	8,356	10,053
<b>TOTAL ASSETS</b>	<u>\$ 1,050,869</u>	<u>\$ 836,227</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 100,798	\$ 97,297
Accrued expenses	67,144	83,319
Contract liabilities	451,918	299,241
<b>TOTAL CURRENT LIABILITIES</b>	<u>619,860</u>	<u>479,857</u>
Deferred taxes, net	6,116	—
Noncurrent liabilities	5,183	4,513
<b>TOTAL LIABILITIES</b>	<u>631,159</u>	<u>484,370</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (see Notes 8 and 9)		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$0.10 per share – 500,000 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$0.15 per share – 30,000,000 shares authorized; 15,828,289 shares issued; 13,873,410 and 13,634,214 shares outstanding at October 31, 2025 and January 31, 2025, respectively	2,374	2,374
Additional paid-in capital	167,075	168,966
Retained earnings	363,960	292,698
Treasury stock, at cost – 1,954,879 and 2,194,075 shares at October 31, 2025 and January 31, 2025, respectively	(113,590)	(105,643)
Accumulated other comprehensive loss	(109)	(6,538)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>419,710</u>	<u>351,857</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 1,050,869</u>	<u>\$ 836,227</u>

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

**ARGAN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Dollars in thousands)  
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Outstanding Shares	Par Value					
<b>Balances, February 1, 2025</b>	13,634,214	\$ 2,374	\$ 168,966	\$ 292,698	\$ (105,643)	\$ (6,538)	\$ 351,857
Net income	—	—	—	22,550	—	—	22,550
Foreign currency translation gain	—	—	—	—	—	3,621	3,621
Net unrealized gains on available-for-sale securities	—	—	—	—	—	2,680	2,680
Stock compensation expense	—	—	1,188	—	—	—	1,188
Stock option exercises and restricted stock unit settlements, net	59,472	—	(4,556)	—	(1,526)	—	(6,082)
Common stock repurchases	(55,117)	—	—	—	(6,849)	—	(6,849)
Cash dividends	—	—	—	(5,070)	—	—	(5,070)
<b>Balances, April 30, 2025</b>	13,638,569	2,374	165,598	310,178	(114,018)	(237)	363,895
Net income	—	—	—	35,275	—	—	35,275
Foreign currency translation loss	—	—	—	—	—	(251)	(251)
Net unrealized losses on available-for-sale securities	—	—	—	—	—	(1,082)	(1,082)
Stock compensation expense	—	—	2,265	—	—	—	2,265
Stock option exercises and restricted stock unit settlements, net	174,006	—	(1,247)	—	(303)	—	(1,550)
Common stock repurchases	(1,000)	—	—	—	(199)	—	(199)
Cash dividends	—	—	—	(5,177)	—	—	(5,177)
<b>Balances, April 30, 2025</b>	13,811,575	2,374	166,616	340,276	(114,520)	(1,570)	393,176
Net income	—	—	—	30,737	—	—	30,737
Foreign currency translation gain	—	—	—	—	—	165	165
Net unrealized gains on available-for-sale securities	—	—	—	—	—	1,296	1,296
Stock compensation expense	—	—	1,860	—	—	—	1,860
Stock option exercises and restricted stock unit settlements, net	61,835	—	(1,401)	—	930	—	(471)
Cash dividends	—	—	—	(7,053)	—	—	(7,053)
<b>Balances, October 31, 2025</b>	13,873,410	\$ 2,374	\$ 167,075	\$ 363,960	\$ (113,590)	\$ (109)	\$ 419,710
<b>Balances, February 1, 2024</b>	13,242,520	\$ 2,374	\$ 164,183	\$ 225,507	\$ (97,528)	\$ (3,597)	\$ 290,939
Net income	—	—	—	7,882	—	—	7,882
Foreign currency translation loss	—	—	—	—	—	(790)	(790)
Net unrealized losses on available-for-sale securities	—	—	—	—	—	(969)	(969)
Stock compensation expense	—	—	1,211	—	—	—	1,211
Stock option exercises and restricted stock unit settlements, net	113,260	—	(893)	—	(13)	—	(906)
Common stock repurchases	(5,600)	—	—	—	(187)	—	(187)
Cash dividends	—	—	—	(4,025)	—	—	(4,025)
<b>Balances, April 30, 2024</b>	13,350,180	2,374	164,501	229,364	(97,728)	(5,356)	293,155
Net income	—	—	—	18,198	—	—	18,198
Foreign currency translation loss	—	—	—	—	—	(186)	(186)
Net unrealized gains on available-for-sale securities	—	—	—	—	—	1,459	1,459
Stock compensation expense	—	—	1,004	—	—	—	1,004
Stock option exercises and restricted stock unit settlements, net	147,370	—	397	—	(1,916)	—	(1,519)
Cash dividends	—	—	—	(4,043)	—	—	(4,043)
<b>Balances, July 31, 2024</b>	13,497,550	2,374	165,902	243,519	(99,644)	(4,083)	308,068
Net income	—	—	—	28,010	—	—	28,010
Foreign currency translation loss	—	—	—	—	—	(957)	(957)
Net unrealized losses on available-for-sale securities	—	—	—	—	—	(659)	(659)
Stock compensation expense	—	—	1,175	—	—	—	1,175
Stock option exercises and restricted stock unit settlements, net	77,254	—	1,364	—	(2,643)	—	(1,279)
Common stock repurchases	(5,700)	—	—	—	(459)	—	(459)
Cash dividends	—	—	—	(5,195)	—	—	(5,195)
<b>Balances, October 31, 2024</b>	13,569,104	\$ 2,374	\$ 168,441	\$ 266,334	\$ (102,746)	\$ (5,699)	\$ 328,704

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

**ARGAN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	<b>Nine Months Ended October 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 88,562	\$ 54,090
Adjustments to reconcile net income to net cash provided by operating activities		
Stock compensation expense	5,313	3,390
Depreciation	1,411	1,376
Changes in accrued interest on investments	1,426	2,992
Non-cash lease expense	3,091	2,415
Deferred income tax expense	5,721	1,060
Other	(1,645)	1,299
Changes in operating assets and liabilities		
Accounts receivable	5,548	(85,084)
Contract assets	(9,972)	3,569
Other assets	(9,599)	4,514
Accounts payable and accrued expenses	(145)	43,707
Contract liabilities	152,677	89,632
Net cash provided by operating activities	<u>242,388</u>	<u>122,960</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of short-term investments	(75,000)	(135,000)
Maturities of short-term investments	110,000	117,500
Purchases of available-for-sale securities	(127,198)	(110,045)
Maturities of available-for-sale securities	55,000	9,230
Purchases of property, plant and equipment	(2,672)	(5,218)
Investments in solar energy projects	(11,519)	(3,312)
Net cash used in investing activities	<u>(51,389)</u>	<u>(126,845)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common stock repurchases	(7,048)	(646)
Payments of cash dividends	(17,300)	(13,263)
Settlements of share-based awards, net of withholding taxes paid	(8,103)	(3,704)
Net cash used in financing activities	<u>(32,451)</u>	<u>(17,613)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	2,483	(185)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	161,031	(21,683)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	145,263	197,032
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 306,294</u>	<u>\$ 175,349</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Right-of-use assets obtained in exchange for lease obligations	\$ 3,647	\$ 1,995
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for income taxes, net of refunds	\$ 27,378	\$ 15,133
Cash paid for operating leases	\$ 2,991	\$ 2,404

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

**ARGAN, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**October 31, 2025**  
**(Tabular dollar amounts in thousands, except per share data)**  
**(Unaudited)**

**NOTE 1 – DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION**

**Description of the Business**

Argan, Inc. ("Argan") conducts its operations through its wholly-owned subsidiaries across three distinct reportable business segments: Power Industry Services, Industrial Construction Services, and Telecommunication Infrastructure Services. Argan and these consolidated subsidiaries are hereinafter collectively referred to as the "Company."

Through the Power Industry Services segment, the Company provides a full range of engineering, procurement, construction, commissioning, maintenance, project development, and technical consulting services to the power generation market. The customers include primarily independent power producers, public utilities, power plant equipment suppliers and other commercial firms with significant power requirements. Customer projects are located in the United States (the "U.S."), the Republic of Ireland ("Ireland") and the United Kingdom (the "U.K."). The Company's Industrial Construction Services segment provides on-site services that support new plant construction and additions, maintenance turnarounds, shutdowns and emergency mobilizations for industrial operations primarily located in the Southeast region of the U.S. and that may include the fabrication, delivery and installation of steel components such as piping systems and pressure vessels. The Company's Telecommunications Infrastructure Services segment provides telecommunications project management, construction, installation, maintenance, repair and response services to commercial, local and federal government customers primarily in the Mid-Atlantic region of the U.S.

**Basis of Presentation and Significant Accounting Policies**

The Company's fiscal year ends on January 31 each year. The condensed consolidated financial statements include the accounts of Argan and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. The accompanying condensed consolidated financial statements and notes should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2025 ("Fiscal 2025").

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments considered necessary for a fair statement of the financial position of the Company as of October 31, 2025, and its earnings and cash flows for the interim periods presented. The results of operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

**Recently Issued Accounting Pronouncements**

In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which introduces more detailed requirements for annual disclosures for income taxes. The ASU requires public business entities to present specific categories in the income tax rate reconciliation and to provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 also requires all entities to disclose the amounts of income taxes paid, net of refunds received, disaggregated by federal, state, and foreign jurisdiction. The amendments in this update are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company does not expect the adoption of ASU 2023-09 to have an impact on the Company's financial position or its results of operations.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires public

business entities to disclose specific information about certain costs and expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the effects, if any, that the adoption of ASU 2024-03 may have on its financial position, results of operations, cash flows, or disclosures.

There are no other recently issued accounting pronouncements that have not yet been adopted that the Company considers material to its condensed consolidated financial statements.

## NOTE 2 – REVENUES FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenues

The following table presents consolidated revenues for the three and nine months ended October 31, 2025 and 2024, disaggregated by the geographic area where the corresponding projects were located:

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
United States	\$ 222,637	\$ 239,489	\$ 617,938	\$ 559,069
Republic of Ireland	19,303	16,981	46,435	74,039
United Kingdom	9,213	538	18,183	8,597
Totals	<u>\$ 251,153</u>	<u>\$ 257,008</u>	<u>\$ 682,556</u>	<u>\$ 641,705</u>

Revenues for projects located in Ireland and the U.K. are attributed to the Power Industry Services segment. The major portions of the Company's consolidated revenues are recognized pursuant to fixed-price contracts with most of the remaining portions earned pursuant to time-and-material contracts. Consolidated revenues are disaggregated by reportable segment in Note 15 to the condensed consolidated financial statements.

### Contract Assets and Liabilities

During the nine months ended October 31, 2025 and 2024, there were no material unusual or one-time adjustments to contract assets or contract liabilities balances. The Company recognized the following revenues that were included in the contract liabilities balances at the beginning of the respective period:

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues recognized from contract liabilities	<u>\$ 151,890</u>	<u>\$ 132,068</u>	<u>\$ 297,723</u>	<u>\$ 175,630</u>

Contract retentions are billed amounts which, pursuant to the terms of the applicable contract, are not paid by customers until a defined phase of a contract or project has been completed and accepted. These retained amounts are reflected in contract assets or contract liabilities depending on the net contract position of the particular contract. The amounts retained by project owners and other customers under construction contracts as of October 31, 2025 and January 31, 2025 were \$38.3 million and \$15.8 million, respectively.

### Variable Consideration

Variable consideration includes unapproved change orders where the Company has project-owner directive for additional work or other changes in scope but has not yet obtained approval for the associated price or the corresponding additional effort. These amounts are included in the transaction price when it is considered probable that the applicable costs, including those for additional effort, will be recovered through a modification to the contract price. As of October 31, 2025 and January 31, 2025, the aggregate amounts of contract variations, which primarily related to an overseas project and were included in the corresponding transaction prices pending customer approvals, were \$10.0 million and \$8.0 million, respectively.

### Remaining Unsatisfied Performance Obligations ("RUPO")

As of October 31, 2025, the Company had RUPO of \$3.0 billion. The largest portion of RUPO at any date usually relates to engineering, procurement and construction ("EPC") services and other construction contracts with typical performance

durations of one to four years. The Company estimates that approximately 8% of the RUPO amount as of October 31, 2025 will be included in the amount of consolidated revenues that will be recognized during the remainder of the year ending January 31, 2026 ("Fiscal 2026"). Most of the remaining amount of the RUPO balances as of October 31, 2025 is expected to be recognized in revenues during the fiscal years ending January 31, 2027 ("Fiscal 2027"), 2028 ("Fiscal 2028") and 2029 ("Fiscal 2029").

It is important to note that estimates may be changed in the future and that cancellations, deferrals or scope adjustments may occur related to work included in the amount of RUPO as of October 31, 2025. Accordingly, RUPO may be adjusted to reflect project delays and cancellations, revisions to project scope and cost and foreign currency exchange fluctuations, or to revise estimates, as effects become known. Such adjustments to RUPO may materially reduce future revenues below Company estimates.

### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

#### Cash Equivalents

As of October 31, 2025 and January 31, 2025, certain amounts of cash equivalents were invested in money market funds with assets invested in high-quality money market instruments, including U.S. Treasury obligations; obligations of U.S. government agencies, authorities, instrumentalities or sponsored enterprises; and repurchase agreements secured by such obligations. The balances of accrued dividends as of October 31, 2025 and January 31, 2025 were \$0.3 million and \$0.3 million, respectively.

#### Investments

The Company's investments consisted of the following as of October 31, 2025 and January 31, 2025:

	October 31, 2025	January 31, 2025
Short-term investments	\$ 117,411	\$ 153,129
Available-for-sale securities	303,116	226,745
Total investments	<u>\$ 420,527</u>	<u>\$ 379,874</u>

#### Short-Term Investments

Short-term investments as of October 31, 2025 and January 31, 2025, consisted solely of CDs with initial maturities of one year or less purchased from Bank of America, N.A. (the "Bank"). The Company has the intent and ability to hold the CDs until they mature, and they are carried at cost plus accrued interest. The balances of accrued interest on the CDs as of October 31, 2025 and January 31, 2025 were \$2.4 million and \$3.1 million, respectively.

#### Available-For-Sale Securities

The Company's available-for-sale ("AFS") securities consisted of the following amounts of amortized cost, allowance for credit losses, gross unrealized gains and losses and estimated fair value by contractual maturity as of October 31, 2025 and January 31, 2025:

	October 31, 2025				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury notes:					
Due within one year	\$ 45,381	\$ —	\$ 160	\$ 8	\$ 45,533
Due in one to three years	65,748	—	1,016	—	66,764
Due in three to five years	188,571	—	2,589	341	190,819
Totals	<u>\$ 299,700</u>	<u>\$ —</u>	<u>\$ 3,765</u>	<u>\$ 349</u>	<u>\$ 303,116</u>

	January 31, 2025				
	Amortized	Allowance for	Gross	Gross	Estimated
	Cost	Credit	Unrealized	Unrealized	Fair
		Losses	Gains	Losses	Value
U.S. Treasury notes:					
Due within one year	\$ 50,676	\$ —	\$ 126	\$ 7	\$ 50,795
Due in one to three years	84,881	—	381	105	85,157
Due in three to five years	91,599	—	124	930	90,793
Totals	<u>\$ 227,156</u>	<u>\$ —</u>	<u>\$ 631</u>	<u>\$ 1,042</u>	<u>\$ 226,745</u>

As of October 31, 2025 and January 31, 2025, interest receivable in the amounts of \$1.9 million and \$2.1 million were included in the balances of AFS securities. For the three and nine months ended October 31, 2025 and 2024, there were no sales of the Company's AFS securities and, therefore, there were no amounts of gains or losses reclassified out of other comprehensive income into net income.

The Company does not believe the unrealized losses represent credit losses based on the evaluation of evidence as of October 31, 2025, which includes an assessment of whether it is more likely than not that the Company will be required to sell or intends to sell the investments before recovery of their corresponding amortized cost bases.

#### Earnings on Cash and Invested Funds

The Company earns interest and dividends on its cash equivalents and invested funds. The Company also earns interest on most of its cash balances. Earnings on invested funds and cash account balances for the three and nine months ended October 31, 2025 were \$5.9 million and \$16.9 million, respectively, and they were \$5.6 million and \$15.7 million for the three and nine months ended October 31, 2024, respectively. Earnings on investments are included in other income, net, in the condensed consolidated statements of earnings.

As of October 31, 2025 and January 31, 2025, the weighted average annual yields of the Company's outstanding invested funds and interest-bearing cash account balances were 3.6% and 4.1%, respectively.

#### Concentration Risk

The Company has a substantial portion of its cash on deposit with the Bank or invested in CDs purchased from the Bank. In addition, the Company has cash invested in money market funds at separate institutions. The Company maintains certain Euro-based bank accounts in Ireland and certain pound sterling-based bank accounts in the U.K. in support of foreign operations. As of October 31, 2025 and January 31, 2025, approximately 10% and 1%, respectively, of the Company's cash, cash equivalents, and investments were held by foreign subsidiaries in Ireland and the U.K. Management does not believe that the combined amounts of the CDs and the cash deposited with the Bank, cash invested in money market funds, and cash balances maintained at financial institutions in Ireland and the U.K., in excess of government-insured levels, represent material risks.

#### NOTE 4 – FAIR VALUE MEASUREMENTS

The following table presents the Company's financial instruments as of October 31, 2025 and January 31, 2025 that are measured and recorded at fair value on a recurring basis:

	October 31, 2025			January 31, 2025		
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents:						
Money market funds	\$ 120,776	\$ —	\$ —	\$ 93,067	\$ —	\$ —
Available-for-sale securities:						
U.S. Treasury notes	—	303,116	—	—	226,745	—
Totals	<u>\$ 120,776</u>	<u>\$ 303,116</u>	<u>\$ —</u>	<u>\$ 93,067</u>	<u>\$ 226,745</u>	<u>\$ —</u>

#### NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable includes amounts that have been billed and amounts that are billable to customers. As of October 31, 2025, there were billable amounts related to an overseas project in the total amount of \$24.5 million, including the expected refund of the letter of credit draw identified in Note 9.

The amounts of the provision for credit losses for the three and nine months ended October 31, 2025 were insignificant. The amounts of the provision for credit losses for the three and nine months ended October 31, 2024 were \$0.2 million and \$0.7 million, respectively. There was no allowance for credit losses as of October 31, 2025. The allowance for credit losses as of January 31, 2025 was \$1.9 million.

#### NOTE 6 – INTANGIBLE ASSETS

The goodwill balances related primarily to the Power Industry Services and Industrial Construction Services segments were \$18.5 million and \$9.5 million, respectively, at both October 31, 2025 and January 31, 2025. Management does not believe that any events or circumstances occurred or arose since January 31, 2025, that required an updated assessment of the goodwill balances.

The Company's intangible assets, other than goodwill, relate primarily to the Industrial Construction Services segment and consisted of the following as of October 31, 2025 and January 31, 2025:

	Estimated Useful Life	October 31, 2025			January 31, 2025		
		Gross Amounts	Accumulated Amortization	Net Amounts	Gross Amounts	Accumulated Amortization	Net Amounts
Trade name	15 years	\$ 4,499	\$ 2,975	\$ 1,524	\$ 4,499	\$ 2,749	\$ 1,750
Customer relationships	10 years	916	908	8	916	840	76
Totals		\$ 5,415	\$ 3,883	\$ 1,532	\$ 5,415	\$ 3,589	\$ 1,826

There were no additions to intangible assets during the three and nine month periods ended October 31, 2025 and 2024, nor were there any impairment losses related to intangible assets during these periods. Amortization expense related to intangible assets for the three and nine months ended October 31, 2025 was \$0.1 million and \$0.3 million, respectively, and was \$0.1 million and \$0.3 million for the three and nine months ended October 31, 2024, respectively.

The following is a schedule of future amounts of amortization related to purchased intangibles:

Years Ending January 31,	Amortization Expense
2026 (remainder)	\$ 83
2027	300
2028	300
2029	300
2030	300
Thereafter	249
Total	\$ 1,532

#### NOTE 7 – FINANCING ARRANGEMENTS

On May 24, 2024, the Company and the Bank executed the Second Amended and Restated Replacement Credit Agreement with an expiration date of May 31, 2027 (the "Credit Agreement"), which was amended on October 23, 2025. The Credit Agreement has a base lending commitment amount of \$35.0 million and establishes the interest rate for revolving loans at the Secured Overnight Financing Rate ("SOFR") plus 1.85%. In addition to the base commitment, the credit facility includes an accordion feature that allows for an additional commitment amount of \$30.0 million, subject to certain conditions. The Company may use the borrowing ability to cover other credit instruments issued by the Bank for the Company's use in the ordinary course of business as defined in the Credit Agreement. Further, on May 31, 2024, the Company entered into a companion facility, in the amount of \$25.0 million, pursuant to which an overseas subsidiary of

the Company may cause the Bank's European entity to issue letters of credit on its behalf that will be secured by a blanket parent company guarantee that was issued by Argan to the Bank.

As of October 31, 2025 and January 31, 2025, the Company did not have any borrowings outstanding under the Credit Agreement. However, the Bank has issued a letter of credit in the outstanding amount of \$0.3 million as of October 31, 2025. As of January 31, 2025, there were no outstanding letters of credit issued under the credit facilities.

The Company has pledged most of its assets to secure its financing arrangements. The Bank's consent is not required for acquisitions, divestitures, cash dividends or significant investments as long as certain conditions are met. The Credit Agreement requires that the Company comply with certain financial covenants at its fiscal year-end and at each fiscal quarter-end. The Credit Agreement includes other terms, covenants and events of default that are customary for a credit facility of its size and nature, including a requirement to achieve positive adjusted earnings before interest, taxes, depreciation and amortization, as defined, over each rolling twelve-month measurement period. As of October 31, 2025, the Company was in compliance with the covenants and other requirements of the Credit Agreement.

#### **NOTE 8 – COMMITMENTS**

As of October 31, 2025, the estimated amount of the Company's unsatisfied bonded performance obligations, covering all of its subsidiaries, was approximately \$0.5 billion. As of October 31, 2025, the outstanding amount of bonds covering other risks, including warranty obligations and contract payment retentions related to completed activities, was \$69.5 million.

#### **NOTE 9 – LEGAL CONTINGENCIES**

In the normal course of business, the Company may have pending claims and legal proceedings. The Company maintains accrued expense balances for the estimated amounts of legal costs expected to be billed related to any significant matter. In the opinion of management, based on information available at this time, there are no current claims and proceedings that would have a material adverse effect on the consolidated financial statements. However, the outcomes of such legal claims and proceedings are subject to inherent uncertainties.

In March 2025, a U.K. subsidiary of the Company sued EP NI Energy Limited and EP UK Investment Limited (together referred to as "EP") in the High Court of Justice, Business and Property Courts of England and Wales for EP's breach of contract and failure to remedy various events which negatively impacted the schedule and costs of an overseas project, resulting in EP receiving the benefits of the construction efforts of the Company's U.K. subsidiary and the corresponding progress on the project without making payments to which the Company's U.K. subsidiary was contractually entitled. As previously disclosed, the Company's U.K. subsidiary provided the project owner notice to terminate as a result of project owner breaches of the contract. Those breaches were not resolved, as a result of which the contract terminated on May 3, 2024. Subsequently, the project owner made a draw for the full amount of a \$9.6 million irrevocable letter of credit, or on-demand performance bond, issued by the Company's bank. The Company believes the project owner improperly initiated the draw on the bond and, therefore, the amount should be refunded. This amount is included in accounts receivable as of October 31, 2025. The Company's U.K. subsidiary has significant billable receivables, unresolved contract variations and claims for extensions of time, among other issues, related to the overseas project. The project owner has asserted counterclaims that the Company's U.K. subsidiary disputes. The Company's U.K. subsidiary will vigorously assert its rights and claims in order to recover its lost value and collect any remaining monies owed.

#### **NOTE 10 – STOCK-BASED COMPENSATION**

Stock-based compensation expense amounts for the three and nine months ended October 31, 2025 were \$1.9 million and \$5.3 million, respectively, and they were \$1.2 million and \$3.4 million for the three and nine months ended October 31, 2024, respectively. As of October 31, 2025, there was \$9.0 million in unrecognized compensation costs related to outstanding stock awards that the Company expects to recognize over the next three years.

During the nine months ended October 31, 2025, the Company awarded performance-based restricted stock units covering a target of 5,500 shares of common stock, earnings per share performance-based restricted stock units covering a target of 16,450 shares of common stock, renewable energy performance-based restricted stock units covering a target of 2,500 shares of common stock, and time-based restricted stock units covering 32,350 shares of common stock. The number of shares of common stock to be issued under certain awards may exceed the number of target shares if certain performance

goals are exceeded. The changes in the maximum number of shares of common stock issuable pursuant to outstanding restricted stock units for the nine months ended October 31, 2025 are presented below (shares in thousands):

	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value Per Share</u>
Outstanding, February 1, 2025	271	\$ 32.69
Granted	85	\$ 86.25
Issued	(107)	\$ 30.08
Forfeited	(1)	\$ 15.20
Outstanding, October 31, 2025	<u>248</u>	<u>\$ 52.23</u>

During the nine months ended October 31, 2025, the Company awarded nonqualified stock options to purchase 4,000 shares of common stock at a weighted-average exercise price per share of \$148.72. During the nine months ended October 31, 2025, nonqualified stock options to purchase 295,433 shares of common stock were exercised at a weighted-average exercise price per share of \$46.61. As of October 31, 2025, there were 158,067 nonqualified stock options outstanding.

#### Shares Withheld and Treasury Stock

For the nine months ended October 31, 2025 and 2024, the Company used 295,313 shares and 337,884 shares of treasury stock, respectively, to settle stock option exercises and other share-based awards. For the nine months ended October 31, 2025, the Company accepted 107,530 shares of common stock at the average price per share of \$203.43 for the exercise price and/or tax withholding in connection with stock option exercises and other share-based award settlements. For the nine months ended October 31, 2024, the Company accepted 532,860 shares of common stock at the average price per share of \$73.92 for the exercise price and/or tax withholding in connection with stock option exercises and other share-based award settlements.

#### NOTE 11 – PROVISION FOR INCOME TAXES

The Company's provision for income tax amounts for the nine months ended October 31, 2025 and 2024 differed from corresponding amounts computed by applying the federal corporate income tax rate of 21% to the consolidated amounts of income before income taxes for the periods as presented below:

	<u>Nine Months Ended October 31,</u>	
	<u>2025</u>	<u>2024</u>
U.S. statutory federal income tax expense	\$ 22,074	\$ 15,240
Difference resulting from:		
State income taxes, net of federal tax effect	2,493	2,297
Unrecognized tax loss benefit	55	921
Executive compensation limitation	1,263	917
Stock-based compensation windfall	(9,095)	(1,114)
Other permanent differences and adjustments, net	(236)	221
Provision for income taxes	<u>\$ 16,554</u>	<u>\$ 18,482</u>

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted into law. The legislation includes several changes to U.S. federal income tax law that generally allow for more favorable deductibility of certain business expenses beginning in calendar year 2025, including the restoration of immediate expensing for domestic research and development expenditures and the reinstatement of 100% bonus depreciation for qualified property. The OBBBA also includes certain modifications to the U.S. taxation of foreign activity, including changes to rules governing foreign tax credits, Global Intangible Low-Taxed Income ("GILTI"), Foreign-Derived Intangible Income ("FDII"), and the Base Erosion and Anti-Abuse Tax ("BEAT"), among other changes. Most of these modifications to the U.S. taxation of foreign activity are generally effective for tax years beginning after December 31, 2025.

Certain benefits from the OBBBA, such as deducting previously capitalized domestic research and development expenditures, were included in the provision for income taxes for the second quarter of Fiscal 2026. The Company is currently evaluating the impact on future periods. The Company does not expect the impact of the OBBBA to be material.

#### **Net Operating Loss ("NOL") Carryback**

The tax changes enacted by the Coronavirus, Aid, Relief and Economic Security Act signed into law in March 2020 (the "CARES Act") included re-establishing a carryback period for certain losses to five years. The NOLs eligible for carryback under the CARES Act included the Company's domestic loss for the year ended January 31, 2020 ("Fiscal 2020"). In accordance with the provisions of the CARES Act, the Company filed for income tax refunds totaling approximately \$12.7 million during the year ended January 31, 2021, for taxes paid in prior years. These amounts are included in income tax refunds receivable along with related accrued interest.

The refund claims were primarily generated by a bad debt deduction recorded during Fiscal 2020. This deduction was selected for examination by the Internal Revenue Service ("IRS"). Based on correspondence with the IRS examination team in November 2025, the Company expects the IRS to close the examination with no changes.

#### **Research and Development Tax Credits**

During the year ended January 31, 2023, the Company filed amended federal income tax returns for the year ended January 31, 2022 ("Fiscal 2022") and for the year ended January 31, 2021 ("Fiscal 2021") that included previously unclaimed research and development tax credits in the total amount of \$5.8 million, which was netted with a provision for uncertain tax return positions in the amount of \$2.4 million. In May 2023, the Company received notification that these amended federal income tax returns were selected for examination. In July 2025, the IRS concluded its examination of the Company's amended federal income tax returns for Fiscal 2021 and Fiscal 2022 and issued its final revenue agents report that disallowed in full the research and development tax credits claimed by the Company for those periods. In August 2025, the Company began the formal process of challenging the IRS's findings. The Company intends to contest the disallowance and believes it has substantial authority supporting its position. In addition, soon after the IRS issued its final revenue agents report in July 2025, the Company filed a notice of claim under its corresponding tax liability insurance policy.

#### **Income Tax Refunds**

As of October 31, 2025 and January 31, 2025, the balances of other current assets in the condensed consolidated balance sheet included income tax refunds receivable, related accrued interest, and prepaid income taxes in the total amount of approximately \$38.8 million and \$30.9 million, respectively. The income tax refunds receivable include the Company's NOL carryback refund as described above.

#### **Income Tax Returns**

The Company is subject to federal and state income taxes in the U.S., and income taxes in Ireland and the U.K. Tax treatments within each jurisdiction are subject to the interpretation of the related tax laws and regulations which require significant judgments to apply. The Company is no longer subject to income tax examinations by authorities for its fiscal years ended on or before January 31, 2021, except for those matters described above and several notable exceptions, including Ireland, the U.K. and several states where the open periods are one year longer.

#### **Solar Energy Projects**

The Company holds equity investments in Solar Tax Credit ("STC") investments. Primarily, the STC investments are structured as limited liability companies that invest in solar energy projects that are eligible to receive energy tax credits. In August 2025, the Company paid its remaining \$11.5 million cash investment commitment related to its STC investments, which is included in cash paid for income taxes on the condensed consolidated statements of cash flows. As of October 31, 2025 and January 31, 2025, the investment accounts balances were \$2.5 million and \$4.6 million, respectively, which are included in other assets in the condensed consolidated balance sheets.

The Company has elected to use the proportional amortization method ("PAM") for STC investments that qualify. For the Company's STC investments that qualify for PAM, the Company recognized \$0.8 million and \$2.3 million of income tax credits and other income tax benefits during the three and nine months ended October 31, 2025, respectively. For the nine-

month period ended October 31, 2024, the Company recognized \$0.7 million of income tax credits and other income tax benefits. For the three months ended October 31, 2024, the income tax credits and other income tax benefits recognized were not material. For the three and nine month periods ended October 31, 2025, the Company recorded amortization related to STC investments of \$0.7 million and \$2.1 million, respectively. For the nine-month period ended October 31, 2024, the Company recorded amortization related to STC investments of \$0.7 million. For the three month period ended October 31, 2024, the recorded amount of STC investment amortization was immaterial. The amount of non-income tax related activity and other returns related to the STC investments that qualify for PAM were not material for the three and nine month periods ended October 31, 2025 and 2024.

For the three and nine months ended October 31, 2025 and 2024, the Company's share of activity from its STC investments that do not qualify for PAM was not material.

#### NOTE 12 – EARNINGS PER SHARE

Potentially dilutive securities include stock options and restricted stock units. Diluted earnings per share include only securities that are actually dilutive. Basic and diluted earnings per share are computed as follows (in thousands, except per share data):

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net income	\$ 30,737	\$ 28,010	\$ 88,562	\$ 54,090
Weighted average shares outstanding – basic	13,830	13,530	13,731	13,398
Effect of stock awards	327	504	403	432
Weighted average shares outstanding – diluted	14,157	14,034	14,134	13,830
<b>Earnings per share</b>				
Basic	\$ 2.22	\$ 2.07	\$ 6.45	\$ 4.04
Diluted	\$ 2.17	\$ 2.00	\$ 6.27	\$ 3.91
Anti-dilutive securities not included	—	—	1	140

#### NOTE 13 – STOCKHOLDERS' EQUITY

On September 10, 2025, the board of directors increased the Company's quarterly cash dividend by 33% from \$0.375 to \$0.500 per share of common stock. During the nine months ended October 31, 2025 and during Fiscal 2025, the Company paid dividends to stockholders as follows:

<u>Record Date</u>	<u>Payment Date</u>	<u>Amount Per Share</u>
October 23, 2025	October 31, 2025	\$ 0.500
July 23, 2025	July 31, 2025	0.375
April 22, 2025	April 30, 2025	0.375
January 23, 2025	January 31, 2025	0.375
October 23, 2024	October 31, 2024	0.375
July 23, 2024	July 31, 2024	0.300
April 22, 2024	April 30, 2024	0.300

On April 10, 2025, the board of directors of Argan increased the total authorization to repurchase shares of the Company's common stock by \$25 million, bringing the aggregate authorized amount to \$150 million. Pursuant to its established program and authorizations provided by Argan's board of directors, the Company repurchased shares of its common stock during the nine months ended October 31, 2025 and 2024 and added the shares to treasury stock. During these periods, the Company repurchased 56,117 shares and 11,300 shares of common stock, all on the open market, for aggregate prices of approximately \$7.0 million, or \$125.60 per share, and \$0.6 million, or \$57.11 per share, respectively.

#### NOTE 14 – CUSTOMER CONCENTRATIONS

Most of the Company's consolidated revenues relate to performance by the Power Industry Services segment. The following schedule presents the percentage of consolidated revenues for each reportable segment for the respective periods:

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Power Industry Services	77.8 %	82.5 %	81.0 %	77.3 %
Industrial Construction Services	19.7	16.1	16.8	21.0
Telecommunications Infrastructure Services	2.5	1.4	2.2	1.7

The Company's most significant customer relationships for the three months ended October 31, 2025 included two Power Industry Services customers, which accounted for 27% and 14% of consolidated revenues. The Company's most significant customer relationships for the three months ended October 31, 2024 included four Power Industry Services customers, which accounted for 29%, 15%, 13%, and 11% of consolidated revenues. The Company's most significant customer relationships for the nine months ended October 31, 2025 included two Power Industry Services customers, which accounted for 27% and 18% of consolidated revenues. The Company's most significant customer relationships for the nine months ended October 31, 2024 included two Power Industry Services customers, which accounted for 28% and 12% of consolidated revenues.

The accounts receivable balances from four major customers represented 26%, 18%, 14%, and 13% of the corresponding consolidated balance as of October 31, 2025. The accounts receivable balances from four major customers represented 22%, 16%, 13%, and 10% of the corresponding consolidated balance as of January 31, 2025.

The contract asset balances attributable to two major customers represented 20% and 18% of the corresponding consolidated balance as of October 31, 2025, and the contract asset balances attributable to four major customers represented 26%, 15%, 15% and 13% of the corresponding consolidated balance as of January 31, 2025.

#### NOTE 15 – SEGMENT REPORTING

Segments represent components of an enterprise for which discrete financial information is available that is evaluated regularly by the Company's chief executive officer, who is the Company's chief operating decision maker (the "CODM"), in determining how to allocate resources and in assessing performance. The CODM uses income before income taxes to assess the performance of the Company's business segments and to make determinations on the allocation of resources. The Company's reportable segments recognize revenues and incur expenses, and they are organized in separate business units with different management teams, customers, talents, and services. The Company's reportable segments may include more than one operating segment.

Intersegment revenues and the related cost of revenues are netted against the corresponding amounts of the segment receiving the intersegment services. For the three and nine months ended October 31, 2025, intersegment revenues were \$0.7 million and \$2.7 million, respectively. For the three and nine months ended October 31, 2024, intersegment revenues were \$3.5 million and \$4.8 million, respectively. Intersegment revenues for the aforementioned periods primarily reflected services provided by the Industrial Construction Services segment to the Power Industry Services segment and in the current period also included services provided by the Telecommunication Infrastructure Services segment to the Industrial Construction Services segment. Pricing for these services was based on amounts negotiated between the parties.

Summarized below are certain operating results and financial position data of the Company's reportable segments for the three and nine months ended October 31, 2025 and 2024. Selling, general and administrative expenses include compensation and benefits expenses, professional fees, information technology expenses, insurance premiums, rent expense, business development expenses, amortization and depreciation, incurred directly by each segment. Other income, net, primarily includes earnings on invested funds. The "Other" column in each summary includes the Company's corporate expenses.

Three Months Ended October 31, 2025	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 195,507	\$ 49,361	\$ 6,285	\$ —	\$ 251,153
Cost of revenues	156,748	42,505	4,951	—	204,204
Gross profit	38,759	6,856	1,334	—	46,949
Selling, general and administrative expenses	8,096	1,832	925	3,463	14,316
Income (loss) from operations	30,663	5,024	409	(3,463)	32,633
Other income, net	5,901	—	11	1,149	7,061
Income (loss) before income taxes	<u>\$ 36,564</u>	<u>\$ 5,024</u>	<u>\$ 420</u>	<u>\$ (2,314)</u>	<u>\$ 39,694</u>
Provision for income taxes					8,957
Net income					<u>\$ 30,737</u>
Amortization of intangibles	<u>\$ —</u>	<u>\$ 98</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 98</u>
Depreciation	<u>267</u>	<u>145</u>	<u>90</u>	<u>3</u>	<u>505</u>
Property, plant and equipment additions	<u>371</u>	<u>133</u>	<u>79</u>	<u>—</u>	<u>583</u>
Current assets	<u>\$ 729,492</u>	<u>\$ 79,327</u>	<u>\$ 6,531</u>	<u>\$ 181,821</u>	<u>\$ 997,171</u>
Current liabilities	<u>564,192</u>	<u>48,596</u>	<u>5,252</u>	<u>1,820</u>	<u>619,860</u>
Goodwill	<u>18,476</u>	<u>9,467</u>	<u>90</u>	<u>—</u>	<u>28,033</u>
Total assets	<u>763,310</u>	<u>95,448</u>	<u>9,564</u>	<u>182,547</u>	<u>1,050,869</u>
Three Months Ended October 31, 2024	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 212,096	\$ 41,337	\$ 3,575	\$ —	\$ 257,008
Cost of revenues	173,283	36,757	2,641	—	212,681
Gross profit	38,813	4,580	934	—	44,327
Selling, general and administrative expenses	8,466	1,848	705	2,976	13,995
Income (loss) from operations	30,347	2,732	229	(2,976)	30,332
Other income (loss), net	5,618	1	(1)	1,028	6,646
Income (loss) before income taxes	<u>\$ 35,965</u>	<u>\$ 2,733</u>	<u>\$ 228</u>	<u>\$ (1,948)</u>	<u>\$ 36,978</u>
Provision for income taxes					8,968
Net income					<u>\$ 28,010</u>
Amortization of intangibles	<u>\$ —</u>	<u>\$ 98</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 98</u>
Depreciation	<u>158</u>	<u>166</u>	<u>109</u>	<u>—</u>	<u>433</u>
Property, plant and equipment additions	<u>2,304</u>	<u>236</u>	<u>5</u>	<u>2</u>	<u>2,547</u>
Current assets	<u>\$ 542,558</u>	<u>\$ 50,294</u>	<u>\$ 4,236</u>	<u>\$ 120,053</u>	<u>\$ 717,141</u>
Current liabilities	<u>411,735</u>	<u>20,663</u>	<u>2,131</u>	<u>1,635</u>	<u>436,164</u>
Goodwill	<u>18,476</u>	<u>9,467</u>	<u>90</u>	<u>—</u>	<u>28,033</u>
Total assets	<u>572,828</u>	<u>67,172</u>	<u>6,673</u>	<u>122,191</u>	<u>768,864</u>

Nine Months Ended October 31, 2025	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 552,811	\$ 114,610	\$ 15,135	\$ —	\$ 682,556
Cost of revenues	442,504	100,080	11,893	—	554,477
Gross profit	110,307	14,530	3,242	—	128,079
Selling, general and administrative expenses	22,626	5,282	2,756	10,385	41,049
Income (loss) from operations	87,681	9,248	486	(10,385)	87,030
Other income, net	14,695	1	54	3,336	18,086
Income (loss) before income taxes	<u>\$ 102,376</u>	<u>\$ 9,249</u>	<u>\$ 540</u>	<u>\$ (7,049)</u>	<u>\$ 105,116</u>
Provision for income taxes					16,554
Net income					<u>\$ 88,562</u>
Amortization of intangibles	<u>\$ —</u>	<u>\$ 294</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 294</u>
Depreciation	<u>650</u>	<u>468</u>	<u>278</u>	<u>15</u>	<u>1,411</u>
Property, plant and equipment additions	<u>1,500</u>	<u>898</u>	<u>185</u>	<u>89</u>	<u>2,672</u>

Nine Months Ended October 31, 2024	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 496,122	\$ 134,678	\$ 10,905	\$ —	\$ 641,705
Cost of revenues	422,508	117,836	7,985	—	548,329
Gross profit	73,614	16,842	2,920	—	93,376
Selling, general and administrative expenses	21,786	5,686	1,984	8,392	37,848
Income (loss) from operations	51,828	11,156	936	(8,392)	55,528
Other income, net	14,386	2	2	2,654	17,044
Income (loss) before income taxes	<u>\$ 66,214</u>	<u>\$ 11,158</u>	<u>\$ 938</u>	<u>\$ (5,738)</u>	<u>\$ 72,572</u>
Provision for income taxes					18,482
Net income					<u>\$ 54,090</u>
Amortization of intangibles	<u>\$ —</u>	<u>\$ 293</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 293</u>
Depreciation	<u>443</u>	<u>621</u>	<u>310</u>	<u>2</u>	<u>1,376</u>
Property, plant and equipment additions	<u>4,523</u>	<u>509</u>	<u>184</u>	<u>2</u>	<u>5,218</u>

**NOTE 16 — SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION**

Other current assets consisted of the following as of October 31, 2025 and January 31, 2025:

	<b>October 31,</b>	<b>January 31,</b>
	<b>2025</b>	<b>2025</b>
Income tax refunds receivable and prepaid income taxes	\$ 38,780	\$ 30,881
Prepaid expenses	6,311	5,751
Raw materials inventory	6,759	320
Note receivable	4,608	5,023
Other	5,109	9,950
Total other current assets	<u>\$ 61,567</u>	<u>\$ 51,925</u>

Accrued expenses consisted of the following as of October 31, 2025 and January 31, 2025:

	<b>October 31,</b>	<b>January 31,</b>
	<b>2025</b>	<b>2025</b>
Accrued project costs	\$ 28,954	\$ 31,620
Accrued compensation	28,045	29,772
Lease liabilities	2,626	2,710
Other	7,519	19,217
Total accrued expenses	<u>\$ 67,144</u>	<u>\$ 83,319</u>

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion summarizes the financial position of Argan, Inc. and its subsidiaries as of October 31, 2025, and the results of their operations for the three and nine month periods ended October 31, 2025 and 2024, and should be read in conjunction with (i) the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (ii) the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for Fiscal 2025 that was filed with the SEC on March 27, 2025 (the "Annual Report").

**Cautionary Statement Regarding Forward Looking Statements**

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. We have made statements in this Item 2 and elsewhere in this Quarterly Report on Form 10-Q that may constitute "forward-looking statements." The words "believe," "expect," "anticipate," "plan," "intend," "estimate," "foresee," "should," "would," "could," or other similar expressions are intended to identify forward-looking statements.

Our forward-looking statements, financial position and results of operations, are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for existing operations that do not include the potential impacts of any future acquisitions.

Our forward-looking statements, by their nature, involve significant risks and uncertainties (some of which are beyond our control) and assumptions. They are subject to change based upon various factors including, but not limited to, the risks and uncertainties described in this Quarterly Report on Form 10-Q and our Annual Report. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove to be incorrect, actual results may vary in material respects from those projected in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**Business Description**

The Company is primarily an engineering and construction firm that conducts operations through its wholly-owned subsidiaries across three distinct reportable business segments.

*Power Industry Services:* This segment provides a full range of engineering, procurement, construction, commissioning, maintenance, project development and technical consulting services to the power generation market. The customers include primarily independent power producers, public utilities, power plant equipment suppliers and other commercial firms with significant power requirements. Customer projects are located in the U.S., Ireland and the U.K.

*Industrial Construction Services:* This segment primarily provides field services that support new plant construction and additions, maintenance turnarounds, shutdowns and emergency mobilizations for industrial plants primarily located in the Southeast region of the U.S. and that may include the fabrication, delivery and installation of steel components such as piping systems and pressure vessels.

*Telecommunications Infrastructure Services:* This segment provides telecommunications project management, construction, installation, maintenance, repair and response services to commercial, local government and federal government customers primarily in the Mid-Atlantic region of the U.S.

We may make opportunistic acquisitions and/or investments by identifying companies with significant potential for profitable growth and realizable synergies with one or more of our existing businesses. As a result, we may have more than one industrial focus depending on the opportunities and/or needs of our customers. Acquired companies will be operated in a manner that we believe will best provide long-term and enduring value for our stockholders.

## **Market Outlook**

Most of our consolidated revenues relate to performance in the U.S. by the Power Industry Services segment, which provides EPC services to design, build, and commission large-scale energy projects. In the U.S., electricity demand has reached its highest level in two decades, driven by the build-out of data centers supporting artificial intelligence technologies, the adoption of electric vehicles, and the reshoring of manufacturing activities. Keeping up with growing energy demand is further challenged by the aging fleet of traditional power facilities that are at or nearing the end of their operational lives. Throughout the U.S., the risk of electricity shortages is rising as the retirement of traditional power plants outpaces their replacements. While renewable energy sources like solar and wind are increasingly prevalent, they often cannot provide the same level of consistent, around-the-clock power generation as the retiring thermal plants. Natural gas-fired power plants are expected to remain a key component of future capacity additions due to their cost-effectiveness, reliability, and ability to support intermittent energy sources.

Utility-scale solar, wind, and battery storage projects continue to expand their prevalence, supported by declining capital costs, improved energy storage systems that enhance grid reliability, and supportive tax and policy incentives. Despite their increasing cost competitiveness and their rapid deployment over the past several years, the long-term trajectory of renewables may be influenced by shifts in energy policy, evolving regulatory frameworks, and grid integration challenges.

Recent changes in U.S. trade policy, including the implementation of new or increased tariffs, have introduced cost and supply chain uncertainties affecting certain construction materials and equipment. Tariffs on imported materials, including steel and aluminum, could significantly impact the cost of building power plants. Tariff measures may also cause import delays, increasing lead times necessary for materials to arrive at our construction sites. The resulting rise in material costs and delivery delays could lead to higher overall project costs and changes to project timelines. As the current U.S. administration's approach to tariffs remains fluid, the full extent of these effects remains uncertain. We continue to monitor developments closely, as prolonged or expanded trade restrictions could negatively affect project costs, timing, and customer demand.

On July 4, 2025, the OBBBA was enacted into law. The legislation includes several changes to U.S. federal income tax law that generally allow for more favorable deductibility of certain business expenses beginning in calendar year 2025, including the restoration of immediate expensing for domestic research and development expenditures and the reinstatement of 100% bonus depreciation for qualified property. The OBBBA also includes certain modifications to the U.S. taxation of foreign activity, including changes to rules governing foreign tax credits, GILTI, FDII, and BEAT, among other changes. Most of these modifications to the U.S. taxation of foreign activity are generally effective for tax years beginning after December 31, 2025. Certain benefits from the OBBBA, such as deducting previously capitalized domestic research and development expenditures, are included in the provision for income taxes for the three and nine months ended October 31, 2025. We are currently evaluating the impact on future periods. We do not expect the impact of the OBBBA to be material.

## **Project Backlog**

As of October 31, 2025 and January 31, 2025, our consolidated project backlog amounts of \$3.0 billion and \$1.4 billion, respectively, consisted substantially of projects within our Power Industry Services reporting segment.

The amount of our project backlog reported at a point in time represents the expected revenue from the remaining work on projects where the scope is sufficiently defined and the contract value can be reasonably estimated. While the inclusion of contract values in project backlog involves management judgment based on the facts and circumstances, we typically include the value of the contract in project backlog upon receiving a notice to proceed from the project owner. In making the determination of project backlog, management may consider several factors, including terms of the contract, the degree of project financing and permitting, and historical experience with similar contracts. The start of new projects is primarily controlled by project owners and delays may occur that are beyond our control.

We are committed to the construction of state-of-the-art, natural gas-fired power plants, as important elements of our country's electricity-generation mix now and in the future. We target natural gas-fired power plants, renewable energy plants, energy storage, and industrial construction opportunities in the U.S., Ireland and the U.K. Our vision is to safely contribute to the construction of the energy infrastructure and state-of-the-art industrial facilities that are essential to future economic prosperity in the areas where we operate. We intend to realize this vision with motivated, creative, high-energy and customer-driven teams that are committed to delivering the best possible project results each and every time.

### *860 MW Thermal Project*

In October 2025, we entered into an EPC services contract and received the corresponding full notice to proceed ("FNTP") for the construction of an approximately 860 MW natural gas-fired power plant located in the ERCOT market. Construction is expected to begin during the fourth quarter of Fiscal 2026, with an expected project completion date in calendar year 2028.

### *1.4 GW Thermal Project*

In October 2025, we received FNTP on an EPC services contract for a 1.4 GW combined-cycle natural gas-fired power plant in Ward County, Texas. Construction is expected to begin during the fourth quarter of Fiscal 2026, with an expected project completion date in calendar year 2029.

### *170 MW Thermal Project*

In July 2025, we entered into an EPC services contract for the development of a power plant with a planned electricity generation capacity of approximately 170 MW. The facility will be built in County Meath, Ireland. Project activity commenced in the third quarter of Fiscal 2026. The project has an expected project completion date in calendar year 2028.

### *Sandow Lakes Power Station*

In April 2025, we received a notice to proceed on an EPC services contract to build a 1.2 GW combined-cycle natural gas-fired power plant in Lee County, Texas. Project activity commenced in the second quarter of Fiscal 2026. The project has an expected completion date in calendar year 2028.

### *Tarbert Next Generation Power Station*

In January 2025, we entered into an EPC services contract to build an approximately 300 MW biofuel power plant located in County Kerry, Ireland. The Tarbert Next Generation Power Station will run on 100% sustainable biofuels, specifically hydrotreated vegetable oil. Project activity commenced in the first quarter of Fiscal 2026. The project has an expected completion date towards the end of calendar year 2027.

### *700 MW Combined-Cycle Project*

In December 2024, we entered into an EPC services contract and received the corresponding FNTP to build an approximately 700 MW combined-cycle natural gas-fired power plant located in the U.S. Project activity commenced in the fourth quarter of Fiscal 2025. Project completion is scheduled for the fiscal year ending January 31, 2028.

#### *Louisiana LNG Facility*

In June 2024, we entered into a subcontract and received FNTF for the installation of five 90 MW gas turbines for the dedicated supply of power to a liquified natural gas ("LNG") facility in Louisiana. This project, led by our Power Industry Services segment, was a collaboration with our Industrial Construction Services segment. The project was completed during the first half of Fiscal 2026.

#### *405 MW Midwest Solar Project*

In August 2024, we received FNTF on an EPC services contract to construct a utility-scale solar field in Illinois with the capacity to provide 405 MW of electrical power. Project completion is scheduled for the first half of Fiscal 2027.

#### *Midwest Solar and Battery Projects*

Between January and early May 2024, we received FNTFs for three state-of-the-art solar energy and battery energy storage facilities in Illinois. The three projects will cumulatively represent 160 MW of electrical power and 22 MW of energy storage. Two of these projects were completed in the fourth quarter of Fiscal 2025. Completion of the final project, which has experienced certain regulatory delays, is expected to occur within the first half of Fiscal 2027.

#### *Trumbull Energy Center*

In November 2022, we received FNTF related to an EPC services contract for the construction of a 950 MW combined-cycle natural gas-fired power plant in Lordstown, Ohio. Project completion is scheduled for the first quarter of Fiscal 2027.

#### *Industrial Construction Services Project Backlog*

As of October 31, 2025, the Industrial Construction Services segment's project backlog was approximately \$158.8 million as compared to \$53.2 million on January 31, 2025. During the nine months ended October 31, 2025, the Industrial Construction Services segment added contracts to its project backlog related to an automotive plant, a data center, an aluminum rolling and recycling facility and water treatment plant, and facilities related to certain other industries.

## Comparison of the Results of Operations for the Three Months Ended October 31, 2025 and 2024

The following schedule compares our operating results for the three months ended October 31, 2025 and 2024 (dollars in thousands):

	Three Months Ended October 31,			
	2025	2024	\$ Change	% Change
<b>REVENUES</b>				
Power Industry Services	\$ 195,507	\$ 212,096	\$ (16,589)	(7.8)%
Industrial Construction Services	49,361	41,337	8,024	19.4
Telecommunications Infrastructure Services	6,285	3,575	2,710	75.8
Revenues	<u>251,153</u>	<u>257,008</u>	<u>(5,855)</u>	<u>(2.3)</u>
<b>COST OF REVENUES</b>				
Power Industry Services	156,748	173,283	(16,535)	(9.5)
Industrial Construction Services	42,505	36,757	5,748	15.6
Telecommunications Infrastructure Services	4,951	2,641	2,310	87.5
Cost of revenues	<u>204,204</u>	<u>212,681</u>	<u>(8,477)</u>	<u>(4.0)</u>
<b>GROSS PROFIT</b>				
	46,949	44,327	2,622	5.9
Selling, general and administrative expenses	14,316	13,995	321	2.3
<b>INCOME FROM OPERATIONS</b>				
	32,633	30,332	2,301	7.6
Other income, net	7,061	6,646	415	6.2
<b>INCOME BEFORE INCOME TAXES</b>				
	39,694	36,978	2,716	7.3
Provision for income taxes	8,957	8,968	(11)	(0.1)
<b>NET INCOME</b>				
	<u>\$ 30,737</u>	<u>\$ 28,010</u>	<u>\$ 2,727</u>	<u>9.7 %</u>
<b>DILUTED EARNINGS PER SHARE</b>				
	<u>\$ 2.17</u>	<u>\$ 2.00</u>	<u>\$ 0.17</u>	<u>8.5 %</u>

### Revenues

#### *Power Industry Services*

The revenues of the Power Industry Services business decreased by 7.8%, or \$16.6 million, to \$195.5 million for the three months ended October 31, 2025 compared with revenues of \$212.1 million for the three months ended October 31, 2024 as the quarterly construction activities decreased for the Trumbull Energy Center and the Midwest Solar and Battery Projects, and as activities had concluded prior to the current quarter for the Louisiana LNG Facility. The decrease in revenues between quarters was partially offset by increased construction activities associated with the 405 MW Midwest Solar Project and the 700 MW Combined-Cycle Project. The revenues of this business segment represented approximately 77.8% of consolidated revenues for the quarter ended October 31, 2025 and 82.5% of consolidated revenues for the corresponding prior year quarter.

The primary drivers for this segment's revenues for the three months ended October 31, 2024, were the construction of the Midwest Solar and Battery Projects, the Trumbull Energy Center, the 405 MW Midwest Solar Project and the Louisiana LNG Facility.

#### *Industrial Construction Services*

The revenues of Industrial Construction Services increased by \$8.1 million, or 19.4%, to \$49.4 million for the three months ended October 31, 2025 compared to revenues of \$41.3 million for the three months ended October 31, 2024, as the amounts of field services construction activities and vessel fabrication work increased between periods. For the three months ended October 31, 2025 and 2024, the revenues of this segment represented 19.7% and 16.1% of consolidated revenues for the corresponding periods.

#### *Telecommunications Infrastructure Services*

The revenues of Telecommunications Infrastructure Services were \$6.3 million for the three months ended October 31, 2025, compared with revenues of \$3.6 million for the three months ended October 31, 2024.

**Cost of Revenues**

Cost of revenues were \$204.2 million and \$212.7 million for the three-month periods ended October 31, 2025 and 2024, respectively.

For the three-month period ended October 31, 2025, we reported a consolidated gross profit of approximately \$46.9 million, which represented a gross profit percentage of approximately 18.7% of corresponding consolidated revenues. For the three-month period ended October 31, 2024, we reported a consolidated gross profit of approximately \$44.3 million, which represented a gross profit percentage of approximately 17.2% of corresponding consolidated revenues. The gross profit percentage increased between periods primarily due to the changing mix of projects and contract types. The gross profit percentages of corresponding revenues for the Power Industry Services, Industrial Construction Services and the Telecommunications Infrastructure Services segments were 19.8%, 13.9% and 21.2%, respectively, for the quarter ended October 31, 2025. The gross profit percentages of corresponding revenues for the Power Industry Services, Industrial Construction Services and the Telecommunications Infrastructure Services segments were 18.3%, 11.1% and 26.1%, respectively, for the quarter ended October 31, 2024.

**Selling, General and Administrative Expenses**

These costs were \$14.3 million and \$14.0 million for the three months ended October 31, 2025 and 2024, respectively, and represented 5.7% and 5.4% of corresponding consolidated revenues, respectively.

**Other Income, Net**

For the three months ended October 31, 2025 and 2024, the net amounts of other income were \$7.1 million and \$6.6 million, respectively, which primarily reflected income earned during the periods on investments, cash and cash equivalent balances.

**Provision for Income Taxes**

We recorded income tax expense for the three months ended October 31, 2025 in the net amount of approximately \$9.0 million. Our effective income tax rate for the three months ended October 31, 2025 was 22.6%. This effective tax rate differed from the statutory federal tax rate of 21% due primarily to the typically unfavorable estimated effects of state income taxes, partially offset by the favorable tax benefit resulting from stock option exercises during the period.

We recorded income tax expense for the three months ended October 31, 2024 in the net amount of approximately \$9.0 million. Our effective income tax rate for the three months ended October 31, 2024 was 24.3%. This effective tax rate differed from the statutory federal tax rate of 21% due primarily to the typically unfavorable estimated effects of state income taxes and permanent differences.

## Comparison of the Results of Operations for the Nine Months Ended October 31, 2025 and 2024

The following schedule compares our operating results for the nine months ended October 31, 2025 and 2024 (dollars in thousands):

	Nine Months Ended October 31,			
	2025	2024	\$ Change	% Change
<b>REVENUES</b>				
Power Industry Services	\$ 552,811	\$ 496,122	\$ 56,689	11.4 %
Industrial Construction Services	114,610	134,678	(20,068)	(14.9)
Telecommunications Infrastructure Services	15,135	10,905	4,230	38.8
Revenues	<u>682,556</u>	<u>641,705</u>	<u>40,851</u>	<u>6.4</u>
<b>COST OF REVENUES</b>				
Power Industry Services	442,504	422,508	19,996	4.7
Industrial Construction Services	100,080	117,836	(17,756)	(15.1)
Telecommunications Infrastructure Services	11,893	7,985	3,908	48.9
Cost of revenues	<u>554,477</u>	<u>548,329</u>	<u>6,148</u>	<u>1.1</u>
<b>GROSS PROFIT</b>	<u>128,079</u>	<u>93,376</u>	<u>34,703</u>	<u>37.2</u>
Selling, general and administrative expenses	41,049	37,848	3,201	8.5
<b>INCOME FROM OPERATIONS</b>	<u>87,030</u>	<u>55,528</u>	<u>31,502</u>	<u>56.7</u>
Other income, net	18,086	17,044	1,042	6.1
<b>INCOME BEFORE INCOME TAXES</b>	<u>105,116</u>	<u>72,572</u>	<u>32,544</u>	<u>44.8</u>
Provision for income taxes	16,554	18,482	(1,928)	(10.4)
<b>NET INCOME</b>	<u>\$ 88,562</u>	<u>\$ 54,090</u>	<u>\$ 34,472</u>	<u>63.7 %</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 6.27</u>	<u>\$ 3.91</u>	<u>\$ 2.36</u>	<u>60.4 %</u>

### Revenues

#### *Power Industry Services*

The revenues of the Power Industry Services segment increased by 11.4%, or \$56.7 million, to \$552.8 million for the nine months ended October 31, 2025 compared with revenues of \$496.1 million for the nine months ended October 31, 2024 as the construction activities increased for the 405 MW Midwest Solar Project and the 700 MW Combined-Cycle Project. The increase in revenues between periods was partially offset by decreased construction activities associated with the Midwest Solar and Battery Projects, the Trumbull Energy Center, the Shannonbridge Power Project, the ESB FlexGen Peaker Plants, and the Louisiana LNG Facility, as those projects are in their later stages or have fully concluded. The revenues of this business segment represented approximately 81.0% of consolidated revenues for the nine months ended October 31, 2025 and 77.3% of consolidated revenues for the nine months ended October 31, 2024.

The primary driver for this segment's revenues for the nine months ended October 31, 2024, were the construction activities of the Midwest Solar and Battery Projects, the Trumbull Energy Center, the 405 MW Midwest Solar Project, and the Louisiana LNG Facility.

#### *Industrial Construction Services*

The revenues of our Industrial Construction Services segment decreased by \$20.1 million, or 14.9%, to \$114.6 million for the nine months ended October 31, 2025 compared to revenues of \$134.7 million for the nine months ended October 31, 2024 as the amounts of field services and vessel fabrication work decreased meaningfully between periods. For the nine months ended October 31, 2025 and 2024, the revenues of this segment represented 16.8% and 21.0% of consolidated revenues for the corresponding periods.

#### *Telecommunications Infrastructure Services*

The revenue results of this business segment were \$15.1 million for the nine-month period ended October 31, 2025, an increase of \$4.2 million, or 38.8%, from the amount of revenues earned during the nine months ended October 31, 2024.

## **Cost of Revenues**

With the increase in consolidated revenues for the nine months ended October 31, 2025 compared with the nine months ended October 31, 2024, the consolidated cost of revenues also increased between the periods. These costs were \$554.5 million and \$548.3 million for the nine-month periods ended October 31, 2025 and 2024, respectively.

For the nine-month period ended October 31, 2025, we reported a consolidated gross profit of approximately \$128.1 million, which represented a gross profit percentage of approximately 18.8% of corresponding consolidated revenues. For the nine-month period ended October 31, 2024, we reported a consolidated gross profit of approximately \$93.4 million, which represented a gross profit percentage of approximately 14.6% of corresponding consolidated revenues. The consolidated gross profit percentage increased between periods primarily due to the changing mix of projects and contract types. The gross profit percentages of corresponding revenues for the Power Industry Services, Industrial Construction Services and the Telecommunications Infrastructure Services segments were 20.0%, 12.7% and 21.4%, respectively, for the nine months ended October 31, 2025. The gross profit percentages of corresponding revenues for the Power Industry Services, Industrial Construction Services and the Telecommunications Infrastructure Services segments were 14.8%, 12.5% and 26.8%, respectively, for the nine months ended October 31, 2024.

## **Selling, General and Administrative Expenses**

These costs were \$41.0 million and \$37.8 million for the nine months ended October 31, 2025 and 2024, respectively, and represented 6.0% and 5.9% of corresponding consolidated revenues, respectively.

## **Other Income, Net**

Other income, net, for the nine months ended October 31, 2025 and 2024 was \$18.1 million and \$17.0 million, respectively, which primarily reflected income earned during the period on investments, cash and cash equivalent balances.

## **Provision for Income Taxes**

We recorded income tax expense for the nine months ended October 31, 2025 in the amount of approximately \$16.6 million, which represents an effective income tax rate of 15.7%. This effective tax rate differed from the statutory federal tax rate of 21% due primarily to the favorable tax benefit resulting from stock option exercises during the period, partially offset by the typically unfavorable estimated effects of state income taxes.

For the nine months ended October 31, 2024, we reported income tax expense in the amount of approximately \$18.5 million, which represented an effective tax rate of 25.5% for the period. This effective tax rate differed from the statutory federal tax rate of 21% due primarily to the typically unfavorable estimated effects of state income taxes.

## **Liquidity and Capital Resources as of October 31, 2025**

As of October 31, 2025 and January 31, 2025, our balances of cash and cash equivalents were \$306.3 million and \$145.3 million, respectively, which represented an increase of \$161.0 million during the current fiscal year.

The net amount of cash provided by operating activities for the nine months ended October 31, 2025 was \$242.4 million. Our net income for the nine months ended October 31, 2025, adjusted favorably by the net amount of non-cash income and expense items, represented a source of cash in the total amount of \$103.9 million. The increase in contract liabilities of \$152.7 million and the decrease in accounts receivable in the amount of \$5.5 million represented sources of cash during the period. The increase of contract assets of \$10.0 million and the increase of other assets of \$9.6 million represented uses of cash during the period. The decrease in the combined level of accounts payable and accrued expenses in the amount of \$0.1 million represented a use of cash during the period as well.

During the nine months ended October 31, 2025, our primary source of cash from investing activities was the net maturities of CDs issued by the Bank, in the amount of \$35.0 million. We used \$72.2 million, net of maturities, to invest in AFS securities consisting of U.S. Treasury notes. We also used \$11.5 million to fund our remaining capital contribution obligation to a solar energy project and \$2.7 million for purchases of property, plant, and equipment.

For the nine months ended October 31, 2025, we used \$32.5 million in cash for financing activities, including \$7.0 million used to repurchase shares of common stock pursuant to our share purchase program and \$17.3 million used for the payment of regular cash dividends. We also used \$8.1 million for share-based award settlements, which represented payments for

withholding taxes reimbursed by shares of common stock, net of proceeds received from stock option exercises. As of October 31, 2025, there were no restrictions with respect to intercompany payments between the holding company and all subsidiaries.

As of October 31, 2025, certain amounts of our cash equivalents were invested in money market funds with assets invested in cash, U.S. Treasury obligations, other obligations issued by U.S. Government agencies and sponsored enterprises, and repurchase agreements secured by such obligations. Most of our operating bank account balances are maintained with the Bank. We do maintain certain Euro-based bank accounts in Ireland and certain pound sterling-based bank accounts in the U.K. in support of our overseas operations.

In order to monitor the actual and necessary levels of liquidity for our business, we focus on net liquidity, or working capital, in addition to our cash balances. During the nine months ended October 31, 2025, our net liquidity increased by \$75.9 million to \$377.3 million from \$301.4 million as of January 31, 2025, due primarily to our net income, partially offset by the payment of cash dividends, common stock repurchases, and net cash paid for withholding taxes due to stock-based award net settlements. As we have no debt service, as our fixed asset acquisitions in a reporting period are typically low, and as our net liquidity includes our short-term investments and AFS investments, our levels of working capital are not subjected to the volatility that affects our levels of cash and cash equivalents.

We believe that cash on hand, our cash equivalents, cash that will be provided from the maturities of short-term investments and other debt securities and cash generated from our future operations, with or without funds available under our Credit Agreement, will be adequate to meet our general business needs in the foreseeable future. In general, we maintain significant liquid capital in our consolidated balance sheet to ensure the maintenance of our bonding capacity and to provide parent company performance guarantees for EPC and other construction projects.

However, any significant future acquisition, investment, or other unplanned cost or cash requirement may require us to raise additional funds through the issuance of debt and/or equity securities. There can be no assurance that such financing will be available on terms acceptable to us, or at all.

### **Financing Arrangements**

On May 24, 2024, we executed with the Bank the Credit Agreement with an expiration date of May 31, 2027. The Credit Agreement, which was amended on October 23, 2025, has a base lending commitment amount of \$35.0 million and establishes the interest rate for revolving loans at SOFR plus 1.85%. In addition to the base commitment, the credit facility includes an accordion feature that allows for an additional commitment amount of \$30.0 million, subject to certain conditions. We may use the borrowing ability to cover other credit instruments issued by the Bank for our use in the ordinary course of business as defined in the Credit Agreement. Further, on May 31, 2024, we entered into a companion facility, in the amount of \$25.0 million, pursuant to which an overseas subsidiary of the Company may cause the Bank's European entity to issue letters of credit on its behalf that are secured by a blanket parent company guarantee issued by Argan to the Bank.

As of October 31, 2025, we did not have any outstanding borrowings under the Credit Agreement. However, the Bank has issued a letter of credit in the total outstanding amount of \$0.3 million as of October 31, 2025.

We have pledged the majority of the Company's assets to secure its financing arrangements. The Bank's consent is not required for acquisitions, divestitures, cash dividends or significant investments as long as certain conditions are met. The Credit Agreement requires that we comply with certain financial covenants at its fiscal year-end and at each fiscal quarter-end. The Credit Agreement includes other terms, covenants and events of default that are customary for a credit facility of its size and nature, including a requirement to achieve positive adjusted earnings before interest, taxes, depreciation and amortization, as defined, over each rolling twelve-month measurement period. As of October 31, 2025, we were in compliance with the covenants and other requirements of the Credit Agreement.

### **Performance Bonds and Guarantees**

In the normal course of business and for certain major projects, we may be required to obtain surety or performance bonding, to provide parent company guarantees, or to cause the issuance of letters of credit (or some combination thereof) in order to provide performance assurances to clients on behalf of one of our subsidiaries.

If our services under a guaranteed project would not be completed or would be determined to have resulted in a material defect or other material deficiency, then we could be responsible for monetary damages or other legal remedies. As is typically required by any surety bond, we would be obligated to reimburse the issuer of any surety bond provided on behalf of a subsidiary for any cash payments made thereunder. The commitments under performance bonds generally end concurrently with the expiration of the related contractual obligation.

As of October 31, 2025, the estimated amount of our unsatisfied bonded performance obligations, covering all of our subsidiaries, was approximately \$0.5 billion. In addition, as of October 31, 2025, the outstanding amount of bonds covering other risks, including warranty obligations and contract payment retentions related to completed activities, was \$69.5 million.

When sufficient information about claims related to performance on projects would be available and monetary damages or other costs or losses would be determined to be probable, we would record such losses. As our subsidiaries are wholly owned, any actual liability related to contract performance is ordinarily reflected in the financial statement account balances determined pursuant to the Company's accounting for contracts with customers. Any amounts that we may be required to pay in excess of the estimated costs to complete contracts in progress as of October 31, 2025 are not estimable.

#### **Solar Energy Project Investments**

We make investments in limited liability companies that make equity investments in solar energy projects that are eligible to receive energy tax credits, for which we have received substantially all of the income tax benefits associated with those investments. During the nine months ended October 31, 2025, we made \$11.5 million of cash contributions to solar tax credit entities. As of October 31, 2025, we had no remaining cash investment commitments related to the solar tax credit entities. It is likely that we will evaluate opportunities to make other alternative energy project investments in the future.

#### **Development Financing**

We selectively participate in power plant project development and related financing activities 1) to maintain a proprietary pipeline for future EPC services contract opportunities, 2) to secure exclusive rights to EPC contracts, and 3) to generate profits through interest income and project development success fees.

In Fiscal 2025, we funded a loan to a special purpose entity in the amount of \$5.0 million to support the development phase of a natural gas-fired power plant, which remains outstanding as of October 31, 2025. We may enter into other support arrangements in the future in connection with power plant development opportunities when they arise and when we are confident that providing early financial support for the projects will lead to the award of the corresponding EPC contracts to us.

#### **Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")**

We believe that EBITDA is a meaningful presentation that enables us to assess and compare our operating performance on a consistent basis by removing from our operating results the impacts of our capital structure, the effects of the accounting methods used to compute depreciation and amortization and the effects of operating in different income tax jurisdictions. Further, we believe that EBITDA is widely used by investors and analysts as a measure of performance.

However, as EBITDA is not a measure of performance calculated in accordance with U.S. GAAP, we do not believe that this measure should be considered in isolation from, or as a substitute for, the results of our operations presented in accordance with U.S. GAAP that are included in our consolidated financial statements. In addition, our EBITDA does not necessarily represent funds available for discretionary use and is not necessarily a measure of our ability to fund our cash needs.

The following tables present the determinations of EBITDA for the three and nine months ended October 31, 2025 and 2024, respectively (amounts in thousands):

	<b>Three Months Ended</b>	
	<b>October 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income, as reported	\$ 30,737	\$ 28,010
Provision for income taxes	8,957	8,968
Depreciation	505	433
Amortization of intangible assets	98	98
<b>EBITDA</b>	<b>\$ 40,297</b>	<b>\$ 37,509</b>

  

	<b>Nine Months Ended</b>	
	<b>October 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income, as reported	\$ 88,562	\$ 54,090
Provision for income taxes	16,554	18,482
Depreciation	1,411	1,376
Amortization of intangible assets	294	293
<b>EBITDA</b>	<b>\$ 106,821</b>	<b>\$ 74,241</b>

#### **Critical Accounting Policies**

There have been no material changes in our critical accounting policies and estimates from those disclosed in our Annual Report filed with the SEC on March 27, 2025.

#### **Recently Issued Accounting Pronouncements**

See Note 1 to the accompanying condensed consolidated financial statements for discussion on recently issued accounting pronouncements.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our exposure to market risk during the nine months ended October 31, 2025.

For a broader discussion of the Company's exposure to market risks, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of the Annual Report.

#### **ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of disclosure controls and procedures.** Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of October 31, 2025. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of October 31, 2025, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified by the SEC, and the material information related to the Company and its consolidated subsidiaries is made known to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure in the reports.

**Changes in internal controls over financial reporting.** There have been no significant changes in our internal control over financial reporting (as defined in Rules 13a-15 and 15d-15 under the Exchange Act) during the fiscal quarter ended October 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### ITEM 1. LEGAL PROCEEDINGS

See Note 9 to the accompanying condensed consolidated financial statements for discussion of the status of an outstanding legal proceeding as of October 31, 2025. In the normal course of business, we may have pending claims and legal proceedings. It is our opinion, based on information available at this time, that the resolution of any current claim or proceeding will not have a material effect on our condensed consolidated financial statements.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in our Annual Report.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Our board of directors has authorized management to repurchase shares of our common stock in the open market, through investment banking institutions, privately-negotiated transactions, or direct purchases pursuant to a share repurchase program (the "Share Repurchase Plan"). On April 10, 2025, the board of directors increased the total authorization under the Share Repurchase Plan by \$25 million, bringing the aggregate authorized amount to \$150 million. The timing and amount of any repurchases will depend on market and business conditions, applicable legal and credit requirements, and other corporate considerations. In accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, and pursuant to the Share Repurchase Plan, we have permitted, and may in the future permit, the repurchase of our common stock during trading blackout periods by an investment banking firm or other institution acting as our agent under predetermined parameters.

Information related to our share repurchases for the three months ended October 31, 2025 follows:

Period	Total Number of Shares Repurchased	Average Price per Share Paid	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs (Dollars in Thousands)
August 1 - 31, 2025	—	\$ —	—	\$ 40,447
September 1 - 30, 2025	4,406	\$ 230.64	—	\$ 40,447
October 1 - 31, 2025	7,147	\$ 313.33	—	\$ 40,447
<b>Total</b>	<b>11,553</b>			

For the month ended September 30, 2025, we accepted 4,406 shares of our common stock at the average price per share of \$230.64 for the exercise price and/or tax withholding in connection with stock option exercises and restricted stock unit settlements that occurred during the month. For the month ended October 31, 2025, we accepted 7,147 shares of our common stock at the average price per share of \$313.33 for the exercise price and/or tax withholding in connection with stock option exercises and restricted stock unit settlements that occurred during the month.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

### ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

### ITEM 5. OTHER INFORMATION

During the quarter ended October 31, 2025, no director or officer of the Company (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

## ITEM 6. EXHIBITS

<u>Exhibit No.</u>	<u>Title</u>
3.1	<a href="#"><u>Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on September 4, 2025).</u></a>
3.2	<a href="#"><u>Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed on April 15, 2009).</u></a>
10.1	<a href="#"><u>First Amendment to Second Amended and Restated Replacement Credit Agreement, dated October 23, 2025, among Argan, Inc. and certain subsidiaries of Argan, Inc., as borrowers, and Bank of America, N.A., as the lender.</u></a>
10.2	<a href="#"><u>The Nonqualified Deferred Compensation Plan, adopted by Gemma Power Systems, LLC, effective as of September 9, 2025.</u></a>
31.1	<a href="#"><u>Certification of Chief Executive Officer, pursuant to Rule 13a-14(c) under the Securities Exchange Act of 1934.</u></a>
31.2	<a href="#"><u>Certification of Chief Financial Officer, pursuant to Rule 13a-14(c) under the Securities Exchange Act of 1934.</u></a>
32.1	<a href="#"><u>Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350. *</u></a>
32.2	<a href="#"><u>Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350. *</u></a>
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	Inline XBRL Taxonomy Label Linkbase.
101.PRE	Inline XBRL Taxonomy Presentation Linkbase.
101.DEF	Inline XBRL Taxonomy Extension Definition Document.
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* The certification is being furnished and shall not be considered filed as part of this report.

### 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.

#### ARGAN, INC.

December 4, 2025

By: /s/ David H. Watson  
David H. Watson  
President and Chief Executive Officer

December 4, 2025

By: /s/ Joshua S. Baugher  
Joshua S. Baugher  
Senior Vice President, Chief Financial Officer and  
Treasurer

FIRST AMENDMENT TO  
SECOND AMENDED AND RESTATED REPLACEMENT CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED REPLACEMENT CREDIT AGREEMENT (this "Amendment"), is entered into as of October 23, 2025, by and among ARGAN, INC., a corporation organized and in good standing under the laws of the State of Delaware (the "Company"), certain Subsidiaries of the Company party to the Existing Credit Agreement (as hereinafter defined) (each, a "*Designated Borrower*" and, together with the Company, the "*Borrowers*", and each, a "*Borrower*"), and BANK OF AMERICA, N.A., a national banking association, as the Lender (the "Lender").

The Borrowers and the Lender are parties to an Amended and Restated Replacement Credit Agreement dated as of May 24, 2024 (as amended, amended and restated, supplemented, substituted, extended, or otherwise modified from time to time, the "Existing Credit Agreement"), and they now desire to amend certain provisions of the Existing Credit Agreement as provided herein.

Accordingly, for and in consideration of the premises and the mutual covenants contained herein, the receipt and sufficiency of which consideration are hereby mutually acknowledged, the Borrowers and the Lender hereby agree as follows:

Capitalized Terms; Effective Date. Capitalized terms used in this Amendment which are not otherwise defined herein shall have the meanings assigned thereto in the Existing Credit Agreement, as amended by this Amendment (the Existing Credit Agreement, as amended by this Amendment, being hereinafter referred to as the "Credit Agreement").

Amendments to Existing Credit Agreement. As of the date all of the conditions set forth in Section 4 below are fully satisfied, and the satisfaction of the other terms contained in this Amendment, the Borrowers and the Lender agree that the following provisions of the Existing Credit Agreement are amended as follows:

Indebtedness. Sections 7.01(j) and (k) of the Existing Credit Agreement are hereby amended and restated in their entirety and the following subsection (l) is added immediately after subsection (k) of Section 7.01:

(j) Pledges of cash collateral in connection with any letter of credit issued for the account of, or on behalf of, any Foreign Subsidiary in connection with the performance of any Project, provided that the aggregate amount of such pledged cash collateral does not exceed Thirty-Five Million Dollars (\$35,000,000) in the aggregate;

(k) Liens arising out of judgments or awards not resulting in an Event of Default; provided the applicable Loan Party or Subsidiary shall in good faith be prosecuting an appeal or proceedings for review; and

(l) Liens on marketable securities owned by the Company which secure Investments permitted under Section 7.03(g) in an aggregate amount not to exceed \$30,000,000 at any time.

Investments. Section 7.03(b) of the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

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(b) (i) advances to officers, directors and employees of the Company and Subsidiaries in an aggregate amount not to exceed \$1,000,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes or in connection with the exercise of employee stock options and (ii) investments made by the Company that are related to deferred compensation of officers, directors and employees of the Company and Subsidiaries in an aggregate amount not to exceed \$20,000,000 at any time outstanding;

Representations and Warranties. Each Borrower hereby represents and warrants to the Lender that:

After giving effect to this Amendment, the representations and warranties contained in Article V of the Credit Agreement are, except to the extent that they relate solely to an earlier date, true with the same effect as though such representations and warranties had been made on the date hereof.

Each Borrower has full requisite power and authority to execute and deliver this Amendment, to perform its obligations under the Credit Agreement, and to incur the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary corporate or limited liability company action. No consent or approval of the shareholders or members of each Borrower which has not been obtained and no consent or approval of, notice to or filing with, any public authority which has not been obtained or made is required as a condition to the validity of this Amendment.

This Amendment and the Existing Credit Agreement constitute the valid and legally binding obligations of the Borrowers, enforceable in accordance with their respective terms, except as the enforceability hereof or thereof may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally or by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

There are no actions, suits, proceedings or investigations pending or, so far as the officers of the Borrowers know, threatened before any court or administrative agency that, in the opinion of such officers, would, if adversely determined, materially adversely affect (i) the financial condition or operations of the Borrowers, or (ii) the ability of the Borrowers to execute or deliver this Amendment, or to carry out the terms of the Existing Credit Agreement.

There is no existing mortgage, lease, indenture, contract or other agreement binding on the Borrowers or affecting their property, that would conflict with or in any way prevent the execution or delivery of this Amendment or the carrying out of the terms of the Existing Credit Agreement.

Neither the Borrowers nor any Guarantor is (1) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (2) a plan or account subject to Section 4975 of the Internal Revenue Code of 1986 (the "Code"); (3) an entity deemed to hold "plan assets" of any such plans or accounts for purposes of ERISA or the Code; or (4) a "governmental plan" within the meaning of ERISA.

The information included in the Beneficial Ownership Certification most recently provided to the Lender, if applicable, is true and correct in all respects.

Conditions. The effectiveness of this Amendment is subject to the following conditions precedent:

Amendment. The Borrowers and the Lender shall have executed and delivered one or more counterparts of this Amendment.

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Authorization. The Borrowers shall have provided evidence satisfactory to the Lender that the execution, delivery and performance by each Borrower of this Amendment and each other instrument or agreement required under this Amendment have been duly authorized.

4.5. Fees. The Lender shall have received the fees and expenses owing pursuant to Section 7.

No Other Amendments; Reaffirmation; No Novation; No Waiver; Reservation of Rights and Release.

Except as expressly amended hereby, the terms of the Existing Credit Agreement shall remain in full force and effect in all respects, and each Borrower hereby reaffirms its obligations under the Credit Agreement and under each of the other Loan Documents to which it is a party (as each of such Loan Documents may have been affected by this Amendment). Each Borrower acknowledges and agrees that (a) the execution and delivery of this Amendment and consummation of the transactions contemplated hereby do not reduce, discharge, release, impair or otherwise limit any such Borrower's obligations under the Credit Agreement or any of the other Loan Documents to which it is a party, (b) each Borrower does not have any offset, counterclaim or defense of any kind to its obligations, covenants or agreements under the Credit Agreement or any of the other Loan Documents to which it is a party, (c) nothing contained in this Amendment shall be deemed to constitute a waiver or release by the Lender of any default or Event of Default that may now or hereafter exist under the Credit Agreement or any of the other Loan Documents, or of the Lender's right to exercise any and all of its rights and remedies thereunder, all of which rights and remedies are hereby reserved by the Lender, and (d) nothing contained in this Amendment shall be construed to constitute a novation with respect to the Indebtedness described in the Credit Agreement and the other Loan Documents.

Each Borrower, for itself and for its successors and assigns, hereby releases and forever discharges the Lender and the Lender's, respective predecessors, successors, assigns, officers, managers, directors, employees, agents, attorneys, representatives and affiliates (collectively, the "Lender Group"), from any and all presently existing claims, demands, damages, liabilities, actions and/or causes of action of any nature whatsoever, including, without limitation, all claims, demands and causes of action for contribution and indemnity, whether arising at law or in equity, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted, which any Borrower may have or claim to have against any of the Lender Group arising out of facts or events in any way related to the Credit Agreement, any of the other Loan Documents, or the transactions contemplated thereby or hereby that exist on the date hereof or arise from facts or actions occurring prior hereto or on the date hereof.

Without limiting the generality of the foregoing or the Security Agreement, each Borrower hereby acknowledges and agrees that (i) the security interests and liens granted under the Security Agreement secure each Borrower's indebtedness, obligations and liabilities under the Existing Credit Agreement, as amended by this Amendment and the other Loan Documents (as each of such Loan Documents may have been affected by this Amendment), (ii) this Amendment does not release, impair or otherwise limit any of its obligations under the Security Agreement, (iii) the Security Agreement remains in full force and effect in all respects, and (iv) all references in the Security Agreement to the "Credit Agreement" shall be deemed references to the Existing Credit Agreement as amended by this Amendment.

References. All references in the Credit Agreement to "this Agreement," "herein," "hereunder" or other words of similar import, and all references to the "Credit Agreement" or similar words in the other Loan Documents, or any other document or instrument that refers to the Credit Agreement, shall be deemed to be references to the Existing Credit Agreement as amended by this Amendment.

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Expenses. Each Borrower hereby agrees that it will pay all reasonable out-of-pocket expenses incurred by the Lender in connection with the preparation of this Amendment and the consummation of the transactions described herein, including, without limitation, the reasonable attorneys' fees and expenses of the Lender.

Applicable Law. This Amendment shall be construed in accordance with and governed by the laws of the State of New York.

Counterparts; Electronic Delivery. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument. Delivery by any party to this Amendment of its signatures hereon through facsimile or other electronic image file (including .pdf) (i) may be relied upon as if this Amendment were physically delivered with an original hand-written signature of such party, and (ii) shall be binding on such party for all purposes.

Successors. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

FINAL AGREEMENT. BY SIGNING THIS AMENDMENT, EACH PARTY REPRESENTS AND AGREES THAT:

(A) THIS AMENDMENT REPRESENTS THE FINAL AGREEMENT BETWEEN OR AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS AMENDMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG THE PARTIES, AND (D) THIS AMENDMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

[Signatures begin on following page]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal, all as of the day and year first above written.

**BORROWER:**

ARGAN, INC.

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Chief Executive Officer

**DESIGNATED  
BORROWERS:**

SOUTHERN MARYLAND CABLE, INC.

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Vice President and Treasurer

GEMMA POWER, INC.

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Director

GEMMA POWER SYSTEMS, LLC

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Manager

GEMMA POWER HARTFORD, LLC

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Manager

GEMMA PLANT OPERATIONS, LLC

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Manager

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ATLANTIC PROJECTS COMPANY, INC.

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Director

GEMMA RENEWABLE POWER, LLC

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Manager

TRC ACQUISITION, LLC

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Manager

THE ROBERTS COMPANY, INC.

By: /s/ David Watson \_\_\_\_\_ (Seal)  
David Watson  
Director

[Signature Pages Continue]

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BANK OF AMERICA, N.A.,  
as Lender

By: */s/ Colleen Landau* \_\_\_\_\_  
Colleen Landau  
Senior Vice President

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THE NONQUALIFIED DEFERRED COMPENSATION PLAN  
PLAN DOCUMENT

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## THE NONQUALIFIED DEFERRED COMPENSATION PLAN

### Section 1. Purpose

By execution of the Adoption Agreement, the Company has adopted the Plan set forth herein, and in the Adoption Agreement, to provide a means by which certain management Employees of the Employer may elect to defer receipt of current Compensation from the Employer in order to provide retirement and other benefits on behalf of such Employees of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"). Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

### Section 2. Definitions

2.1 "Active Participant" means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant (i) immediately upon a determination by the Committee that the Participant has ceased to be an Employee, or (ii) at the end of the Plan Year that the committee determines the Participant no longer meets the eligibility requirements of the Plan.

2.2 "Adoption Agreement" means the written agreement pursuant to which the Company adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Company.

2.3 "Beneficiary" means the person, persons, entity or entities designated or determined pursuant to the provisions of Section 13 of the Plan.

2.4 "Board" means the Company.

2.5 "Change in Control Event" means an event described in Section 409A(a)(2)(A)(v) of the Code (or any successor provision thereto) and the regulations thereunder.

2.6 "Committee" means the Employer, an administrative committee appointed by the Board to serve at the pleasure of the Board, the Board itself, any other person or persons as determined in the Employer's discretion, or any other person or persons noted in the Adoption Agreement. The Recordkeeper is not the Committee.

2.7 "Company" means the company designated in the Adoption Agreement.

2.8 "Compensation" shall have the meaning designated in the Adoption Agreement.

2.9 "Crediting Date" means the date any corresponding asset payment used to informally finance the Plan, if applicable, is credited to the Employer's corporate owned investment account or any other day directed by the Employer. Otherwise, all Credits shall be credited on any business day as specified by the Employer.

2.10 "Deferred Compensation Account" means the account maintained with respect to each Participant under the Plan. The Deferred Compensation Account shall be credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. As permitted in the Adoption Agreement, the Deferred Compensation Account

of a Participant may consist of one or more accounts. A Participant may elect payment options for each account as described in Section 7.1 and deemed investments for each account as described in Section 8.2.

2.11 "Disabled or Disability" means Disabled or Disability within the meaning of Section 409A of the Code and the regulations thereunder. Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.13 "Effective Date" shall be the date designated in the Adoption Agreement.

2.14 "Employee" means an individual in the Service of the Employer if the relationship between the individual and the Employer is the legal relationship of employer and employee. An individual shall cease to be an Employee upon the Employee's Separation from Service.

2.15 "Employer" means the Company, as identified in the Adoption Agreement, and any Participating Employer which adopts this Plan.

2.16 "Employer Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.19 "In-Service Account" means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account

shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.20 "Normal Retirement Age", which may also be called "Full Vesting Age", of a Participant means the age designated in the Adoption Agreement.

2.21 "Participant" means with respect to any Plan Year an individual who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan; provided that if the Participant is an Employee, the individual must be a member of a select group of management or highly compensated employee of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.22 "Participant Deferral Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.1.

2.23 "Participating Employer" means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Company identified in the Adoption Agreement.

2.24 "Participation Agreement" means a written agreement, including electronic submissions by the Participant or at the Participant's direction, entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.25 "Performance-Based Compensation" means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months. Organizational or individual performance criteria are considered preestablished if established in writing within 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are

established. Performance-based compensation may include payments based upon subjective performance criteria as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.26 "Plan" means the name of the Plan as designated in the Adoption Agreement.

2.27 "Plan-Approved Domestic Relations Order" shall mean a judgment, decree, or order (including the approval of a settlement agreement) which is:

2.27.1 Issued pursuant to a State's domestic relations law;

2.27.2 Relates to the provision of child support, alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.27.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

2.27.4 Requires payment to such person of an interest in the Participant's benefits in a lump sum payment or any other form of payment allowed under the Plan at a specific time; and

2.27.5 Meets such other requirements established by the Committee.

2.28 "Plan Year" means the twelve-month period ending on the last day of December, unless otherwise noted in the Adoption Agreement, provided, that the initial Plan Year may have fewer than twelve months.

2.28.1 "Recordkeeper" means the individual or entity responsible for keeping records of Plan activity including the tracking of Participant Deferred Compensation Account balances. As to applicable tax and regulatory rules, the actions of the Recordkeeper are limited to executing the decisions and directions of the Committee. The Recordkeeper does not make plan administration decisions.

2.29 "Qualifying Distribution Event" means (i) the Separation from Service of the Participant, (ii) the date the Participant becomes Disabled, (iii) the death of the Participant, (iv) the time specified by the Participant for an In-Service Distribution, (v) a Change in Control Event, or (vi) an Unforeseeable Emergency, each to the extent provided in Section 5.

2.30 "Seniority Date" which may also be called "Installment Eligibility Date" shall have the meaning designated in the Adoption Agreement and shall apply to both the initial deferral election described in Section 4 and the Subsequent deferral election described in Section 7.5.

2.31 "Separation from Service" or "Separates from Service" means a "separation from service" within the meaning of Section 409A of the Code.

2.32 "Service" as an Employee means employment by the Employer. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee's right to reemployment is provided either by statute or contract. A Participant who has a Deferred Compensation Account which contains amounts deferred or contributed as an Employee and a member of the Board (Dual Status), Services performed in those capacities will be looked at independently when determining if a Separation from Service has occurred. Services as a member of the Board will be looked at collectively when determining if a Separation from Service has occurred.

2.33 "Service Bonus" means any bonus that does not meet the definition of Performance-Based Compensation that is paid to a Participant by the Employer as noted in the Adoption Agreement.

2.34 "Specified Employee" means an Employee who meets the requirements for key employee treatment under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance

with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve month period ending on December 31 of each year (the "identification date"). If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date. Unless binding corporate action is taken to establish different rules for determining Specified Employees for all plans of the Company and its controlled group members that are subject to Section 409A of the Code, the foregoing rules and the other default rules under the regulations of Section 409A of the Code shall apply.

2.35 "Spouse" or "Surviving Spouse" means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.36 "Unforeseeable Emergency" means an "unforeseeable emergency" within the meaning of Section 409A of the Code.

2.37 "Years of Service" means each Plan Year of Service completed by the Participant. For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement and Service shall be based on service with the Company and all Participating Employers.

### **Section 3. Participation**

The Committee in its discretion shall designate each Employee who is eligible to participate in the Plan. A Participant who Separates from Service with the Employer and who later returns to Service may be eligible consistent with Section 409A of the Code and upon satisfaction of such terms and conditions as the Committee shall establish.

#### **Section 4. Credits to Deferred Compensation Account**

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participation Agreement with the Employer, to defer the receipt of Compensation from the Employer by a dollar amount or percentage specified in the Participation Agreement. The amount of Compensation the Participant elects to defer, the Participant Deferral Credit, shall be credited by the Employer to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participation Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participation Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participation Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1, and shall thereafter be irrevocable. Any election of a Participant shall continue in effect for the time period as set forth in the Adoption Agreement.

4.1.3 A Participant may execute and deliver a Participation Agreement to the Committee within 30 days after the date the Participant first becomes eligible to participate in the Plan. After the 30-day period expires, or after any shorter time period as agreed to by the Participant and the Committee, the latest election made by the Participant during that period becomes irrevocable. Such election shall then be effective as of the first payroll period commencing following the date the Participation Agreement becomes irrevocable. Whether a Participant is treated as newly eligible for participation under this Section shall be determined in accordance with Section 409A of the Code and the regulations thereunder, including (i) rules that treat all elective deferral account balance plans as one plan, and (ii) rules that treat a previously eligible Employee as newly eligible if the Participant's benefits had been previously distributed or if the Participant has been ineligible for 24 months. For Compensation that is earned based upon a specified

performance period (for example, an annual bonus), where a deferral election is made under this Section but after the beginning of the performance period, the election will only apply to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the date the election becomes irrevocable over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participation Agreement (either to terminate, increase or decrease future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of the Adoption Agreement) by providing a written modification of the Participation Agreement to the Committee. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee, or at such later date as required under Section 409A of the Code.

4.1.5 If the Participant performed services continuously from the later of the beginning of the performance period or the date upon which the performance criteria are established through the date upon which the Participant makes an initial deferral election, a Participation Agreement relating to the deferral of Performance-Based Compensation may be executed and delivered to the Committee no later than the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to Service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., generally December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 If a Participant becomes Disabled, all currently effective deferral elections for such Participant shall be cancelled. At the time the participant is no longer Disabled, subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.10 If a Participant applies for and receives a distribution on account of an Unforeseeable Emergency, all currently effective deferral elections for such Participant shall be cancelled. Subsequent elections to defer future compensation will be permitted under this Section 4. Furthermore, a Participant may apply to the Committee to cancel all deferral elections due to an Unforeseeable Emergency.

4.2 Employer Credits. If designated by the Employer in the Adoption Agreement, the Employer shall cause the Committee to credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement. A Participant must make distribution elections with respect to any Employer Credits credited to the Deferred Compensation Account by the deadline that would apply under Section 4.1 for distribution elections with respect to Participant Deferral Credits credited at the same time, on a Participation Agreement that is timely executed and delivered to the Committee pursuant to Section 4.1. If no distribution election is made, vested amounts in the Deferred Compensation Account will be distributed in a lump sum upon the earliest of any Qualifying Distribution Event limited to Separation from Service, Disability, Death or Change in Control.

4.3 Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant as provided in Section 8.

#### **Section 5. Qualifying Distribution Events**

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from Service

(or, if earlier, the date of death) with respect to a Participant who as of the date of Separation from Service is a Specified Employee of a corporation (or a member of such corporation's controlled group) the stock in which is traded on an established securities market (either foreign or domestic) or otherwise. Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated and paid on the first day of the seventh month following the date of Separation from Service, and shall be adjusted for deemed investment gain and loss incurred during the six month period.

5.2 Disability. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan when a Participant becomes Disabled, and the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7.

5.3 Death. If the Participant dies while in Service, the Employer shall pay a benefit to the Participant's Beneficiary in the amount of the vested balance in the Deferred Compensation Account and any additional amount designated in the Adoption Agreement. Payment of such benefit shall be made by the Employer as provided in Section 7.

5.4 In-Service Distributions. If the Employer designates in the Adoption Agreement that in-service distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount credited to the Participant's In-Service Account for in-service distributions at the date specified by the Participant. In no event may an in-service distribution of an amount be made before the date that is two years after the first day of the year in which any deferral election to such In-Service Account became effective. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service Account has been distributed, then the vested

balance in the In-Service Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

5.5 Change in Control Event. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of a Change in Control Event, the Participant may designate in the Participation Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control Event by the Employer as provided in Section 7.

5.6 Unforeseeable Emergency. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of an Unforeseeable Emergency event, a distribution from the Deferred Compensation Account may be made to a Participant in the event of an Unforeseeable Emergency, subject to the following provisions:

5.6.1 A Participant may, make an application to the Committee to cancel all active deferral elections or to cancel deferral elections and receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.6) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by stopping current deferrals under the Plan pursuant to Section 4.1.10.

5.6.2 The Participant's request for a distribution on account of Unforeseeable Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.6.3 If a cancellation of deferral elections is approved, such cancellation will be effective as soon as practicable. If a distribution under this Section 5.6 is approved by the Committee, such distribution will be made as soon as practicable following

the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. If a Participant's Separation from Service occurs after a request is approved in accordance with this Section 5.6.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.6.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

## **Section 6. Vesting**

A Participant shall be fully vested in the portion of the Deferred Compensation Account attributable to Participant Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of the Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated by the Employer in the Adoption Agreement. Once a Participant achieves vesting on an Employer Credit, it cannot be reduced or eliminated. If Change in Control was elected as a vesting event in the Adoption Agreement, participants accounts shall be fully vested upon a Change in Control, however new vesting schedules may be applied to future Employer Credits. If a Participant's Deferred Compensation Account is not fully vested upon Separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall be forfeited.

## Section 7. Distribution Rules

7.1 Payment Options. The Employer shall designate in the Adoption Agreement the payment options which may be elected by the Participant. The Participant may at such time elect a method of payment for Qualifying Distribution Events as specified in the Adoption Agreement. If the Participant is permitted by the Employer in the Adoption Agreement to elect different payment options and does not make a valid election, the vested balance in the Deferred Compensation Account will be distributed as a lump sum upon the Qualifying Distribution Event.

Notwithstanding the foregoing, if certain Qualifying Distribution Events occur prior to the date on which the vested balance of a Participant's Deferred Compensation Account is completely paid pursuant to this Section 7.1 following the occurrence of certain Qualifying Distribution Events, the following rules apply:

7.1.1 If the currently effective Qualifying Distribution Event is a Separation from Service or Disability, and the Participant subsequently dies, the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as a lump sum.

7.1.2 If the currently effective Qualifying Distribution Event is a Change in Control Event, and any subsequent Qualifying Distribution Event occurs (except an In-Service Distribution described in Section 2.29(iv)), the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as provided under Section 7.1 for payments on such subsequent Qualifying Distribution Event.

7.2 Timing of Payments. Payment shall be made in the manner elected by the Participant and shall commence as soon as practicable after the distribution date specified for the Qualifying Distribution Event. Distribution shall be no later than within 60 days following the day after the Qualifying Distribution Event. Such payment shall not be deemed late if the payment is made on or before the later of (i) December 31 of the calendar year in which the Qualifying Distribution Event occurs, or (ii) the date that is 2-1/2 months after the Qualifying Distribution

Event occurs. Participants shall not have any influence as to the tax year or timing of the distribution. For each payment, the Committee must specify a date for the Deferred Compensation Account(s) to be valued. In the event the Participant fails to make a valid election of the payment method, the distribution will be made in a single lump sum payment as soon as practicable after the Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code.

7.3 **Installment Payments.** If the Participant elects to receive installment payments upon a Qualifying Distribution Event, the payment of each installment shall be made on the anniversary of the date of the first installment payment, and the amount of the installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Deferred Compensation Account on such date by the number of installments remaining to be paid hereunder; provided that the last installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment.

7.4 **De Minimis Amounts.** Notwithstanding any payment election made by the Participant, if the Employer designates a pre-determined de minimis amount in the Adoption Agreement, the vested balance in all Deferred Compensation Accounts of the Participant will be distributed in a single lump sum payment if at the time of a permitted Qualifying Distribution Event the vested balance does not exceed such pre-determined de minimis amount; provided, however, that such distribution will be made only where the Qualifying Distribution Event is a Separation from Service, death, Disability, or Change in Control Event. In addition, the Employer may distribute a Participant's vested balance in all of the Participant's Deferred Compensation Accounts at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code

and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

7.5 Subsequent Elections. With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

7.5.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

7.5.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

7.5.3 If the new election relates to a payment from the In-Service Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 7.5 and Section 7.6, a payment is each separately identified amount to which the Participant is entitled under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

7.6 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

7.7 Residual Distributions. If calculation of the amount of any credit to a Participant's Deferred Compensation Account is not administratively practicable due to events beyond the

control of the Employer, payments may be made to the Participant for residual amounts contributed to or remaining in a Deferred Compensation Account after payments under the provisions of this Section 7 have commenced or been completed. The residual amount shall be credited to the Deferred Compensation Account when the calculation of the amount becomes administratively practicable. Examples of residual amounts include, but are not limited to, additional investment returns credited after payment (due to dividends or pricing changes) or additional contributions made after payment (such as an annual bonus deferral or an Employer Credit). Payments that would have been made had the residual amount been calculable at the benefit commencement date shall be made up as soon as practicable after crediting to the Deferred Compensation Account, in no case later than the end of the year in which calculation of the amount becomes administratively practicable.

7.8 Ineffective Deferrals. If a Participant deferral election under Section 4 to contribute to an In-Service Account carries over to a subsequent year (an evergreen election) and the deferral election is ineffective (i.e., the distribution election would cause payment in the current or prior years), the amount deferred will be credited to a Deferred Compensation Account that is not an In-Service Account. If the Participant only has one account of this type, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type, and one of the accounts has a lump sum at Separation from Service distribution election, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type and does not have an account with a lump sum at Separation from Service distribution election, one will be established with a lump sum at Separation from Service distribution election and the amount deferred will be credited to this account.

## **Section 8. Accounts; Deemed Investment; Adjustments to Account**

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service Account as a part of the Deferred Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section 8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds in which the Participant's Deferred Compensation Account shall be deemed to be invested. Such election shall be made in the manner prescribed by the Committee and shall take effect upon the entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant fails for any reason to make an effective election of the investment return to be credited to the account, the investment return shall be determined by the Committee.

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 The Deferred Compensation Account shall be debited each business day with the total amount of any payments made from such account since the last preceding business day. Unless otherwise specified by the Employer, each deemed investment fund will be debited pro-rata based on the value of the investment funds as of the end of the preceding business day.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 The Deferred Compensation Account shall be credited or debited on each day securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the deemed investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

## **Section 9. Administration by Committee**

9.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and any successor shall be appointed by the Board.

9.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including Employees of the Employer, such administrative or other duties as it sees fit.

9.3 Indemnification. To the extent not covered by insurance, the Employer shall

indemnify the Committee, each Employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of duties and responsibilities with respect to the Plan, provided however that the Employer shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

#### **Section 10. Contractual Liability, Trust**

10.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company under the Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

10.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts contributed thereto, and the trust would be so interpreted and administered.

## **Section 11. Allocation of Responsibilities**

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

### 11.1 Board.

- (i) To amend the Plan;
- (ii) To appoint and remove members of the Committee; and
- (iii) To terminate the Plan as permitted in Section 14.

### 11.2 Committee.

- (i) To designate Participants;
- (ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;
- (iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;
- (iv) To account for the amount credited to the Deferred Compensation Account of a Participant;
- (v) To direct the Employer in the payment of benefits;
- (vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and
- (vii) To administer the claims procedure to the extent provided in Section 16.

## **Section 12. Benefits Not Assignable; Facility of Payments**

12.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of

such benefit be in any manner payable to any assignee, receiver or any one trustee.

12.2 Plan-Approved Domestic Relations Orders. The Committee shall establish procedures for determining whether an order directed to the Plan is a Plan- Approved Domestic Relations Order. If the Committee determines that an order is a Plan- Approved Domestic Relations Order, the Committee shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan- Approved Domestic Relations Order notwithstanding Section 12.1.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of incapacity and satisfactory evidence that another person or institution is maintaining custody of that person and that no guardian or committee has been appointed, may cause any payment otherwise payable to that person to be made to such person or institution so maintaining custody. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

### **Section 13. Beneficiary**

The Participant's Beneficiary shall be the person, persons, entity or entities designated by the Participant on the Beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a Beneficiary, the Beneficiary shall be the Surviving Spouse. If the Participant does not designate a Beneficiary and has no Surviving Spouse, the Beneficiary shall be the Participant's estate. The designation of a Beneficiary may be changed or revoked only by filing a new Beneficiary designation form with the Committee or its designee. If a Beneficiary (the "primary Beneficiary") is receiving or is entitled to receive

payments under the Plan and dies before receiving all of the payments due, the balance to which the Beneficiary is entitled shall be paid to the contingent Beneficiary, if any, named in the Participant's current Beneficiary designation form. If there is no contingent Beneficiary, the balance shall be paid to the estate of the primary Beneficiary. Any Beneficiary may disclaim all or any part of any benefit to which such Beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the Beneficiary who filed the disclaimer had predeceased the Participant.

#### **Section 14. Amendment and Termination of Plan**

The Employer may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the balance in any Participant's Deferred Compensation Account, including reduction in vesting percentage, as of the date of such amendment or termination, nor shall any such amendment materially adversely affect the Participant relating to the payment of such Deferred Compensation Account. Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination and liquidation of the Plan in the Discretion of the Employer. The Employer in its discretion may terminate the Plan and distribute vested benefits in a single lump sum to Participants subject to the following requirements and any others specified under Section 409A of the Code:

14.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms

of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

14.1.5 The termination does not occur proximate to a downturn in the financial health of the Employer.

Distribution of benefits shall occur in the same tax year for all Participants.

14.2 Termination and liquidation of the Plan Upon Change in Control Event. If the Employer terminates the Plan within thirty days preceding or twelve months following a Change in Control Event, the vested Deferred Compensation Account of each Participant shall become payable to the Participant in a lump sum within twelve months following the date of termination, subject to the requirements of Section 409A of the Code. Distribution of benefits shall occur in the same tax year for all Participants.

14.3 Termination and liquidation of the Plan upon Corporate Dissolution. The Plan may be terminated within 12 months of a corporate dissolution taxed under Section 331, or with the approval of a bankruptcy court provided the amounts deferred under the plan are included in the Participant's gross income as required under Section 409A of the Code.

### **Section 15. Communication to Participants**

The Employer shall make a copy of the Plan available for inspection by Participants and Beneficiaries during reasonable hours at the principal office of the Employer.

## Section 16. Claims Procedure

The following claims procedure shall apply with respect to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant or Beneficiary (the "claimant") believes there is an entitlement to benefits by the claimant under the Plan which is not being paid or which is not being accrued for the claimant's benefit, the claimant shall file a written claim therefore with the Committee.

16.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice of denying a claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may

appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

- (i) the specific reason or reasons for the adverse determination;
- (ii) specific reference to pertinent Plan provisions on which the adverse determination is based;
- (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
- (iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 16 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by the claimant to act on the claimant's behalf on such matters. The Committee may require such evidence of the authority to act of any such representative as it may reasonably

deem necessary or advisable.

16.6 Disability Claims. Notwithstanding any provision of the Plan to the contrary, if a claim for benefits is based on Disability, the following claims procedures shall apply: The Committee shall maintain a procedure under which any Participant or Beneficiary can file a claim for benefits under this Plan based on Disability.

16.6.1 After receiving a claim for benefits, the Committee will notify the Participant or Beneficiary of its claim determination within 45 days of the receipt of the claim. This period may be extended by 30 days if an extension is necessary to process the claim due to matters beyond the control of the Committee. A written notice of the extension, the reason for the extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the initial 45-day period. This period may be extended for an additional 30 days beyond the original extension. A written notice of the additional extension, the reason for the additional extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to a Participant or Beneficiary's failure to submit information necessary to decide a claim, the period for making the benefit determination by the Committee will be tolled from the date on which the notification of the extension is sent to the Participant or Beneficiary until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.2 If a claim for benefits is denied, in whole or in part, a Participant or Beneficiary or an authorized representative, will receive a written notice of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the Participant or Beneficiary. The notice will include:

- (i) the specific reason(s) for the denial,
- (ii) references to the specific Plan provisions on which the benefit determination was based,
- (iii) a description of any additional material or information necessary to perfect a claim and an explanation of why such information is necessary,
- (iv) a description of the Committee's appeals procedures and applicable time limits, including, to the extent applicable, a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the Committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained on behalf of the Committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the Committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request,

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist, and

(viii) a statement that the Participant or Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits.

16.6.3 If a claim for benefits is denied, a Participant, Beneficiary, or representative, may appeal the denied claim in writing within 180 days of receipt of the written notice of denial. The Participant or Beneficiary may submit any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.4 A full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a first review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination, nor will such individuals be subordinate to any person involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

16.6.5 If the initial adverse decision was based in whole or in part on a medical judgment, the first review appeals committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination and is not a subordinate of the healthcare professional who was consulted in the initial adverse benefit determination.

16.6.6 Before an adverse benefit determination on review is issued, the first review appeals committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.7 Before the first review appeals committee issues an adverse benefit determination on review based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.8 The first review appeals committee will make a determination on an appealed claim within 45 days of the receipt of an appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to a Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.9 If the claim on appeal is denied in whole or in part, a Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the claimant. The notice will include:

- (i) the specific reason(s) for the adverse determination,
- (ii) references to the specific Plan provisions on which the determination was based,
- (iii) a statement regarding the right to receive upon request and free of charge reasonable access to, and copies of, all records, documents and other information relevant to the benefit claim,
- (iv) a description of the first review appeals committee's review procedures and

applicable time limits, including a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained by or on behalf of the committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request, and

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist.

16.6.10 If the appeal of the benefit claim denial is denied, a Participant, Beneficiary, or representative, may make a second appeal of the denial in writing to the Committee within 180 days of the receipt of the written notice of denial. The Participant or Beneficiary may submit with the second appeal any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.11 Upon receipt of the second appeal, a full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a second review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination or the first review appeals committee, nor will such individuals be subordinate to any person involved in the initial benefit or first appeal determination.

16.6.12 If the first appeal was based in whole or in part on a medical judgment, the second appeals review committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination nor in the first appeal and is not a subordinate of the healthcare

professional(s) consulted in the initial adverse benefit determination and first appeal.

16.6.13 Before the second appeals review committee issues a denial of the second claim appeal, the committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.14 Before the second review appeals committee issues a denial of the second claim appeal based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.15 The second appeals review committee will make a determination on the second claim appeal within 45 days of the receipt of the appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to the Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.16 If the claim on appeal is denied in whole or in part for a second time, the Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the applicant. The notice will include the same information that was included in the first adverse determination letter and will identify the contractual limitations period that applies to the Participant's or Beneficiary's right to bring an action under section 502(a) of ERISA including the calendar date on which the contractual limitations period expires for the claim.

16.6.17 A claimant may not commence a judicial proceeding against any person, including the Committee, the Employer, the Board, the first or second appeals review committee(s), or any other person or committee, with respect to a claim for benefits without first exhausting the claims procedures set forth in the preceding paragraphs. No suit or legal action contesting in whole or in part any denial of

benefits under the Plan shall be commenced later than the earlier of (i) the first anniversary of (A) the date of the notice of the Committee's final decision on appeal, or (B) if the claimant fails to request any level of administrative review within the timeframe permitted under this Section 16.6, the deadline for requesting the next level of administrative review, and (ii) the last date on which such legal action could be commenced under the applicable statute of limitations under ERISA (including, for this purpose, any applicable state statute of limitations that applies under ERISA to such legal action).

16.6.18 A claimant has the right to request a written explanation of any violation of these claims procedures. The Committee will provide an explanation within 10 days of the request.

## **Section 17. Miscellaneous Provisions**

17.1 Set off. The Employer may at any time offset a Participant's Deferred Compensation Account by an amount up to \$5,000 to collect the amount of any loan, cash advance, extension of other credit or other obligation of the Participant to the Employer that is then due and payable in accordance with the requirements of Section 409A of the Code.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with the current address, and direct deposit information if desired, for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any benefit distribution is rejected or returned to the Employer, benefit payments will be suspended until the Participant or Beneficiary furnishes the proper information. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due by the fifth anniversary of the

date payment is to be made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further, however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit. The Employer and Committee will be responsible for determining whether unclaimed property laws are applicable to forfeited benefits.

17.4 Reliance on Data. The Employer and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

17.5 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.6 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee without regard to the effect thereof under the Plan.

17.7 Merger or Consolidation; Assumption of Plan. No Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and

liabilities of the Employer under the Plan by any Successor Entity.

17.8 Construction. The Employer shall designate in the Adoption Agreement the state or commonwealth according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

17.9 Taxes. The Employer or other payor may withhold a benefit payment under the Plan or a Participant's wages, or the Employer may reduce a Participant's Deferred Compensation Account balance, in order to meet any federal, state, or local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

17.10 Administration Fees. Any Plan or Plan related fees related to the administration of the Plan shall be paid by the Employer.

17.11 Savings Clause. To the extent that any of the provisions of the Plan are found by a court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, such provision shall be deleted, and the balance of the Plan shall not be affected.

## SARBANES-OXLEY ACT SECTION 302(a) CERTIFICATION

I, David H. Watson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Argan, Inc. (the "Registrant") for the period ended October 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: December 4, 2025

By: /s/ David H. Watson

David H. Watson  
President and Chief Executive Officer  
(Principal Executive Officer)

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## SARBANES-OXLEY ACT SECTION 302(a) CERTIFICATION

I, Joshua S. Baugher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Argan, Inc. (the "Registrant") for the period ended October 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: December 4, 2025

By: /s/ Joshua S. Baugher

Joshua S. Baugher  
Senior Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

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

In connection with the Quarterly Report of Argan, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ended October 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David H. Watson, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 4, 2025

By: /s/ David H. Watson

David H. Watson  
President and Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the Quarterly Report of Argan, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ended October 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joshua S. Baugher, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 4, 2025

By: /s/ Joshua S. Baugher

Joshua S. Baugher

Senior Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

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