

**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  
July 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



**Argan, Inc.**

(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**

Common Stock, \$0.15 par value

**Trading Symbol(s)**

AGX

**Name of Each Exchange on Which Registered**

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: 13,811,575 shares as of August 29, 2025.

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
<b>REVENUES</b>	\$ 237,743	\$ 227,015	\$ 431,403	\$ 384,697
Cost of revenues	193,476	195,910	350,273	335,648
<b>GROSS PROFIT</b>	44,267	31,105	81,130	49,049
Selling, general and administrative expenses	14,212	12,428	26,733	23,853
<b>INCOME FROM OPERATIONS</b>	30,055	18,677	54,397	25,196
Other income, net	5,581	5,604	11,025	10,398
<b>INCOME BEFORE INCOME TAXES</b>	35,636	24,281	65,422	35,594
Income tax expense	361	6,083	7,597	9,514
<b>NET INCOME</b>	35,275	18,198	57,825	26,080
<b>OTHER COMPREHENSIVE INCOME, NET OF TAXES</b>				
Foreign currency translation adjustments	(251)	(186)	3,370	(976)
Net unrealized (losses) gains on available-for-sale securities	(1,082)	1,459	1,598	490
<b>COMPREHENSIVE INCOME</b>	\$ 33,942	\$ 19,471	\$ 62,793	\$ 25,594
<b>EARNINGS PER SHARE</b>				
Basic	\$ 2.57	\$ 1.36	\$ 4.23	\$ 1.96
Diluted	\$ 2.50	\$ 1.31	\$ 4.09	\$ 1.90
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>				
Basic	13,731	13,403	13,680	13,331
Diluted	14,131	13,880	14,122	13,727
<b>CASH DIVIDENDS PER SHARE</b>	\$ 0.375	\$ 0.300	\$ 0.750	\$ 0.600

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)

	July 31, 2025 (Unaudited)	January 31, 2025 (Note 1)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 177,850	\$ 145,263
Investments	394,340	379,874
Accounts receivable, net	179,155	175,808
Contract assets	23,741	28,430
Other current assets	53,698	51,925
<b>TOTAL CURRENT ASSETS</b>	<b>828,784</b>	<b>781,300</b>
Property, plant and equipment, net	15,714	14,463
Goodwill	28,033	28,033
Intangible assets, net	1,630	1,826
Deferred taxes, net	—	552
Right-of-use and other assets	8,543	10,053
<b>TOTAL ASSETS</b>	<b>\$ 882,704</b>	<b>\$ 836,227</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 96,049	\$ 97,297
Accrued expenses	71,453	83,319
Contract liabilities	316,820	299,241
<b>TOTAL CURRENT LIABILITIES</b>	<b>484,322</b>	<b>479,857</b>
Deferred taxes, net	742	—
Noncurrent liabilities	4,464	4,513
<b>TOTAL LIABILITIES</b>	<b>489,528</b>	<b>484,370</b>
<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; 13,811,575 and 13,634,214 shares outstanding at July 31, 2025 and January 31, 2025, respectively	2,374	2,374
Additional paid-in capital	166,616	168,966
Retained earnings	340,276	292,698
Treasury stock, at cost – 2,016,714 and 2,194,075 shares at July 31, 2025 and January 31, 2025, respectively	(114,520)	(105,643)
Accumulated other comprehensive loss	(1,570)	(6,538)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>393,176</b>	<b>351,857</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 882,704</b>	<b>\$ 836,227</b>

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	Retained	Treasury	Accumulated Other	Total
	Outstanding	Par	Paid-in	Earnings	Stock	Comprehensive	Stockholders' Equity
	Shares	Value	Capital			Loss	
<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, July 31, 2025</b>	13,811,575	\$ 2,374	\$ 166,616	\$ 340,276	\$ (114,520)	\$ (1,570)	\$ 393,176
<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

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)

	Six Months Ended July 31,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 57,825	\$ 26,080
Adjustments to reconcile net income to net cash provided by operating activities		
Stock compensation expense	3,453	2,215
Right-of-use asset amortization	2,151	1,415
Depreciation	906	943
Changes in accrued interest on investments	538	2,716
Deferred income tax expense	767	469
Other	(1,034)	1,190
Changes in operating assets and liabilities		
Accounts receivable	(3,226)	(48,492)
Contract assets	4,689	2,103
Other assets	(1,731)	(10,661)
Accounts payable and accrued expenses	(12,022)	40,521
Contract liabilities	17,579	72,682
Net cash provided by operating activities	69,895	91,181
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of short-term investments	(25,000)	(57,500)
Maturities of short-term investments	80,000	95,000
Purchases of available-for-sale securities	(92,164)	(85,309)
Maturities of available-for-sale securities	25,000	9,230
Purchases of property, plant and equipment	(2,089)	(2,671)
Investments in solar energy projects	—	(3,312)
Net cash used in investing activities	(14,253)	(44,562)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common stock repurchases	(7,048)	(187)
Payments of cash dividends	(10,247)	(8,068)
Settlements of share-based awards, net of withholding taxes paid	(7,632)	(2,425)
Net cash used in financing activities	(24,927)	(10,680)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	1,872	(286)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	32,587	35,653
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	145,263	197,032
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ 177,850	\$ 232,685
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Right-of-use assets obtained in exchange for lease obligations	\$ 2,147	\$ 1,531
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for income taxes, net of refunds	\$ 8,034	\$ 9,138
Cash paid for operating leases	\$ 2,070	\$ 1,410

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

**ARGAN, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**July 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 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 condensed consolidated financial statements include the accounts of Argan and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. In Note 15, the Company has provided certain financial information relating to the operating results and assets of its reportable segments based on the manner in which management disaggregates the Company's financial reporting for the purpose of making internal operating decisions.

The Company's fiscal year ends on January 31 each year. The condensed consolidated balance sheet as of July 31, 2025, the condensed consolidated statements of earnings and stockholders' equity for the three and six months ended July 31, 2025 and 2024, and the condensed consolidated statements of cash flows for the six months ended July 31, 2025 and 2024 are unaudited. The condensed consolidated balance sheet as of January 31, 2025 has been derived from audited consolidated financial statements. 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 consolidated financial statements, the notes thereto, and the independent registered public accounting firm's report thereon, that are included in 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 condensed consolidated financial statements contain all adjustments, which are of a normal and recurring nature, considered necessary for a fair statement of the financial position of the Company as of July 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 is currently evaluating the effects, if any, that the adoption of ASU 2023-09 may have on its financial position, results of operations, cash flows, or disclosures.

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 six months ended July 31, 2025 and 2024, disaggregated by the geographic area where the corresponding projects were located:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
United States	\$ 214,195	\$ 195,249	\$ 395,301	\$ 319,580
Republic of Ireland	17,244	28,167	27,132	57,058
United Kingdom	6,304	3,599	8,970	8,059
Consolidated revenues	\$ 237,743	\$ 227,015	\$ 431,403	\$ 384,697

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 six months ended July 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:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Revenues recognized from contract liabilities	\$ 143,116	\$ 90,874	\$ 244,884	\$ 131,229

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 at July 31, 2025 and January 31, 2025 were \$26.6 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 scope changes, 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. At July 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 \$10.2 million and \$8.0 million, respectively.

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

At July 31, 2025, the Company had RUPO of \$2.0 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 26% of the RUPO amount at July 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 amount at July 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 at July 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

At July 31, 2025 and January 31, 2025, certain amounts of cash equivalents were invested in a money market fund 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 at July 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 July 31, 2025 and January 31, 2025:

	July 31, 2025	January 31, 2025
Short-term investments	\$ 97,676	\$ 153,129
Available-for-sale securities	296,664	226,745
Total investments	<u>\$ 394,340</u>	<u>\$ 379,874</u>

#### Short-Term Investments

Short-term investments as of July 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 at July 31, 2025 and January 31, 2025 were \$2.7 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 July 31, 2025 and January 31, 2025:

July 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	\$ 60,809	\$ —	\$ 33	\$ 38	\$ 60,804
Due in one to three years	69,085	—	661	10	69,736
Due in three to five years	165,059	—	1,534	469	166,124
Totals	<u>\$ 294,953</u>	<u>\$ —</u>	<u>\$ 2,228</u>	<u>\$ 517</u>	<u>\$ 296,664</u>

January 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	\$ 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 July 31, 2025 and January 31, 2025, interest receivable in the amounts of \$2.5 million and \$2.1 million were included in the balances of AFS securities. For the three and six months ended July 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 July 31, 2025, which includes an assessment of whether it is more likely than not 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 six months ended July 31, 2025 were \$5.5 million and \$11.0 million, respectively, and they were \$5.3 million and \$10.1 million for the three and six months ended July 31, 2024, respectively. Earnings on investments are included in other income, net, in the condensed consolidated statements of earnings.

At July 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 4.0% and 4.1%, respectively.

### Concentration Risk

The Company has a substantial portion of its cash on deposit in the U.S. with the Bank or invested in CDs purchased from the Bank. In addition, the Company has cash invested in a money market fund at a separate institution. The Company also 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 July 31, 2025 and January 31, 2025, approximately 8% 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 amount of the CDs and the cash deposited with the Bank, cash invested in the money market fund, 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 July 31, 2025 and January 31, 2025 that are measured and recorded at fair value on a recurring basis:

	July 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 fund	\$ 89,807	\$ —	\$ —	\$ 93,067	\$ —	\$ —
Available-for-sale securities:						
U.S. Treasury notes	—	296,664	—	—	226,745	—
Totals	<u>\$ 89,807</u>	<u>\$ 296,664</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 July 31, 2025, there were billable amounts related to an overseas project in the total amount of \$24.7 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 six months ended July 31, 2025 were insignificant. The amount of the provision for credit losses for the three and six months ended July 31, 2024 was \$0.5 million. The allowance for credit losses at July 31, 2025 and January 31, 2025 was \$1.8 million and \$1.9 million, respectively.

**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 July 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 July 31, 2025 and January 31, 2025:

	Estimated Useful Life	July 31, 2025			January 31, 2025		
		Gross Amounts	Accumulated Amortization	Net Amounts	Gross Amounts	Accumulated Amortization	Net Amounts
Trade name	15 years	\$ 4,499	\$ 2,899	\$ 1,600	\$ 4,499	\$ 2,749	\$ 1,750
Customer relationships	10 years	916	886	30	916	840	76
Totals		<u>\$ 5,415</u>	<u>\$ 3,785</u>	<u>\$ 1,630</u>	<u>\$ 5,415</u>	<u>\$ 3,589</u>	<u>\$ 1,826</u>

There were no additions to intangible assets during the three and six months ended July 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 six months ended July 31, 2025 was \$0.1 million and \$0.2 million, respectively, and was \$0.1 million and \$0.2 million for the three and six months ended July 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)	\$	180
2027		300
2028		300
2029		300
2030		300
Thereafter		250
Total	\$	1,630

#### 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"). 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.

At July 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 total outstanding amount of \$0.3 million at July 31, 2025. At January 31, 2025, there were no outstanding letters of credit issued under the credit facilities.

The Company has pledged the majority 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 July 31, 2025, the Company was in compliance with the covenants and other requirements of the Credit Agreement.

#### NOTE 8 – COMMITMENTS

As of July 31, 2025, the estimated amount of the Company's unsatisfied bonded performance obligations, covering all of its subsidiaries, was approximately \$0.6 billion. As of July 31, 2025, the outstanding amount of bonds covering other risks, including warranty obligations and contract payment retentions related to completed activities, was \$61.2 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 \$9.7 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 July 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 six months ended July 31, 2025 were \$2.3 million and \$3.5 million, respectively, and they were \$1.0 million and \$2.2 million for the three and six months ended July 31, 2024, respectively. At July 31, 2025, there was \$10.2 million in unrecognized compensation costs related to outstanding stock awards that the Company expects to recognize over the next three years.

During the six months ended July 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 six months ended July 31, 2025 are presented below (shares in thousands):

	Shares	Weighted-Average Grant-Date Fair Value Per Share
Outstanding, February 1, 2025	271	\$ 32.69
Granted	84	\$ 86.60
Issued	(99)	\$ 30.49
Outstanding, July 31, 2025	256	\$ 51.22

During the six months ended July 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 six months ended July 31, 2025, nonqualified stock options to purchase 230,433 shares of common stock were exercised at a weighted-average exercise price per share of \$47.67. As of July 31, 2025, there were 223,067 nonqualified stock options outstanding.

#### Shares Withheld and Treasury Stock

For the six months ended July 31, 2025 and 2024, the Company used 233,478 shares and 260,630 shares of treasury stock, respectively, to settle stock option exercises and other share-based awards. For the six months ended July 31, 2025, the Company accepted 95,977 shares of common stock at the average price per share of \$194.00 for the exercise price and/or tax withholding in connection with stock option exercises and other share-based award settlements. For the six months ended July 31, 2024, the Company accepted 417,431 shares of common stock at the average price per share of \$68.04 for the exercise price and/or tax withholding in connection with stock option exercises and other share-based award settlements.

**NOTE 11 – INCOME TAXES**

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

	<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>
U.S. statutory federal income tax expense	\$ 13,739	\$ 7,475
Difference resulting from:		
State income taxes, net of federal tax effect	1,253	1,186
Unrecognized tax loss benefit	—	961
Executive compensation limitation	792	404
Stock-based compensation windfall	(7,994)	(531)
Other permanent differences and adjustments, net	(193)	19
Income tax expense	<u>\$ 7,597</u>	<u>\$ 9,514</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, are included in the income tax expense for the three and six months ended July 31, 2025. 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"), which was approximately \$39.5 million. The Company made the appropriate filing during the year ended January 31, 2021 with the Internal Revenue Service (the "IRS") requesting carryback refunds of income taxes paid for the years ended January 31, 2016 ("Fiscal 2016") and 2015 ("Fiscal 2015") in the approximate total amount of \$12.7 million, which is included in income tax refunds receivable along with related accrued interest. At the instruction of the IRS, the Company filed amended income tax returns for Fiscal 2016 and Fiscal 2015 during the year ended January 31, 2024. The bad debt deduction that generated the majority of the domestic NOL during Fiscal 2020 is under examination by the IRS. As of July 31, 2025, the IRS had not completed the examination and approval process for the Company's amended tax returns and refund request.

**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 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, seeking recovery related to the

disallowed research and development tax credits reported in the amended returns. The claim is currently under review by the insurance provider.

#### **Income Tax Refunds**

As of July 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 \$33.6 million and \$30.9 million, respectively. The income tax refunds include the amounts expected to be received from the IRS upon its review and approval of the Company's NOL carryback refund request and the completion of its examination of the amended tax returns for Fiscal 2022 and Fiscal 2021 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. As of July 31, 2025, the Company had \$11.5 million of remaining cash investment commitments related to its STC investments, which the Company paid in August 2025. At July 31, 2025 and January 31, 2025, the investment accounts balances were \$3.2 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 \$1.5 million of income tax credits and other income tax benefits during the three and six months ended July 31, 2025, respectively. For the six months ended July 31, 2024, the Company recognized \$0.7 million of income tax credits and other income tax benefits. For the three months ended July 31, 2024, the income tax credits and other income tax benefits recognized were not material. For the three and six months ended July 31, 2025, the Company recorded amortization related to STC investments of \$0.7 million and \$1.4 million, respectively. For the six months ended July 31, 2024, the Company recorded amortization related to STC investments of \$0.7 million. For the three months ended July 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 six months ended July 31, 2025 and 2024.

For the three and six months ended July 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):

	<b>Three Months Ended July 31,</b>		<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Net income	\$ 35,275	\$ 18,198	\$ 57,825	\$ 26,080
Weighted average shares outstanding – basic	13,731	13,403	13,680	13,331
Effect of stock awards	400	477	442	396
Weighted average shares outstanding – diluted	14,131	13,880	14,122	13,727
Earnings per share				
Basic	\$ 2.57	\$ 1.36	\$ 4.23	\$ 1.96
Diluted	\$ 2.50	\$ 1.31	\$ 4.09	\$ 1.90
Anti-dilutive securities not included	—	75	2	209

**NOTE 13 – STOCKHOLDERS' EQUITY**

During the six months ended July 31, 2025 and during Fiscal 2025, the Company paid dividends to stockholders as follows:

<b>Record Date</b>	<b>Payment Date</b>	<b>Amount Per Share</b>
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 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 six months ended July 31, 2025 and 2024 and added the shares to treasury stock. During these periods, the Company repurchased 56,117 shares and 5,600 shares of common stock, all on the open market, for aggregate prices of approximately \$7.0 million, or \$125.60 per share, and \$0.3 million, or \$44.87 per share, respectively.

**NOTE 14 – CUSTOMER CONCENTRATIONS**

The majority 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:

	<b>Three Months Ended July 31,</b>		<b>Six Months Ended July 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Power Industry Services	82.8 %	76.5 %	82.8 %	73.8 %
Industrial Construction Services	15.2	21.9	15.1	24.3
Telecommunications Infrastructure Services	2.0	1.6	2.1	1.9

The Company's most significant customer relationships for the three months ended July 31, 2025 included three Power Industry Services customers, which accounted for 30%, 17% and 13% of consolidated revenues. The Company's most significant customer relationships for the three months ended July 31, 2024 included three Power Industry Services customers, which accounted for 27%, 14%, and 12% of consolidated revenues. The Company's most significant customer relationships for the six months ended July 31, 2025 included two Power Industry Services customers, which accounted

for 27% and 23% of consolidated revenues. The Company's most significant customer relationships for the six months ended July 31, 2024 included three Power Industry Services customers, which accounted for 28%, 13%, and 10% of consolidated revenues.

The accounts receivable balances from three major customers represented 29%, 23%, and 14% of the corresponding consolidated balance as of July 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 four major customers represented 33%, 15%, 11%, and 10% of the corresponding consolidated balance as of July 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 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 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 six months ended July 31, 2025, intersegment revenues were \$1.9 million. The amount of intersegment revenues for the three months ended July 31, 2025 was insignificant. For the three and six months ended July 31, 2024, intersegment revenues were \$1.4 million and \$1.4 million, respectively. Intersegment revenues for the aforementioned periods related to services provided by the Industrial Construction Services segment to the Power Industry Services segment and were based on prices negotiated by the parties.

Summarized below are certain operating results and financial position data of the Company's reportable segments for the three and six months ended July 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. Other income, net, primarily includes earnings on invested funds. The "Other" column in each summary includes the Company's corporate expenses.

Three Months Ended July 31, 2025	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 196,948	\$ 36,065	\$ 4,730	\$ —	\$ 237,743
Cost of revenues	158,370	31,542	3,564	—	193,476
Gross profit	38,578	4,523	1,166	—	44,267
Selling, general and administrative expenses	7,744	1,838	913	3,717	14,212
Income (loss) from operations	30,834	2,685	253	(3,717)	30,055
Other income, net	4,422	1	11	1,147	5,581
Income (loss) before income taxes	\$ 35,256	\$ 2,686	\$ 264	\$ (2,570)	\$ 35,636
Income tax expense					361
Net income					\$ 35,275
Amortization of intangibles	\$ —	\$ 98	\$ —	\$ —	\$ 98
Depreciation	223	163	96	9	491
Property, plant and equipment additions	914	753	18	9	1,694
Current assets	\$ 656,368	\$ 52,060	\$ 4,769	\$ 115,587	\$ 828,784
Current liabilities	451,599	26,758	3,964	2,001	484,322
Goodwill	18,476	9,467	90	—	28,033
Total assets	690,653	68,338	7,353	116,360	882,704



Three Months Ended July 31, 2024	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 173,760	\$ 49,642	\$ 3,613	\$ —	\$ 227,015
Cost of revenues	150,233	43,200	2,477	—	195,910
Gross profit	23,527	6,442	1,136	—	31,105
Selling, general and administrative expenses	7,192	1,965	669	2,602	12,428
Income (loss) from operations	16,335	4,477	467	(2,602)	18,677
Other income, net	4,707	—	3	894	5,604
Income (loss) before income taxes	\$ 21,042	\$ 4,477	\$ 470	\$ (1,708)	24,281
Income tax expense					6,083
Net income					\$ 18,198
Amortization of intangibles	\$ —	\$ 98	\$ —	\$ —	\$ 98
Depreciation	148	210	104	1	463
Property, plant and equipment additions	1,947	241	161	—	2,349
Current assets	\$ 476,912	\$ 55,175	\$ 4,405	\$ 138,462	\$ 674,954
Current liabilities	384,477	27,817	1,331	1,502	415,127
Goodwill	18,476	9,467	90	—	28,033
Total assets	506,365	71,787	7,041	141,381	726,574
Six Months Ended July 31, 2025	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 357,304	\$ 65,249	\$ 8,850	\$ —	\$ 431,403
Cost of revenues	285,756	57,575	6,942	—	350,273
Gross profit	71,548	7,674	1,908	—	81,130
Selling, general and administrative expenses	14,530	3,450	1,831	6,922	26,733
Income (loss) from operations	57,018	4,224	77	(6,922)	54,397
Other income, net	8,794	1	43	2,187	11,025
Income (loss) before income taxes	\$ 65,812	\$ 4,225	\$ 120	\$ (4,735)	65,422
Income tax expense					7,597
Net income					\$ 57,825
Amortization of intangibles	\$ —	\$ 196	\$ —	\$ —	\$ 196
Depreciation	383	323	188	12	906
Property, plant and equipment additions	1,129	765	106	89	2,089

Six Months Ended July 31, 2024	Power Services	Industrial Services	Telecom Services	Other	Totals
Revenues	\$ 284,026	\$ 93,341	\$ 7,330	\$ —	\$ 384,697
Cost of revenues	249,225	81,079	5,344	—	335,648
Gross profit	34,801	12,262	1,986	—	49,049
Selling, general and administrative expenses	13,320	3,838	1,279	5,416	23,853
Income (loss) from operations	21,481	8,424	707	(5,416)	25,196
Other income, net	8,768	1	3	1,626	10,398
Income (loss) before income taxes	\$ 30,249	\$ 8,425	\$ 710	\$ (3,790)	\$ 35,594
Income tax expense					9,514
Net income					\$ 26,080
Amortization of intangibles	\$ —	\$ 195	\$ —	\$ —	\$ 195
Depreciation	285	455	201	2	943
Property, plant and equipment additions	2,219	273	179	—	2,671

#### NOTE 16 — SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Other current assets consisted of the following at July 31, 2025 and January 31, 2025:

	July 31, 2025	January 31, 2025
Income tax refunds receivable and prepaid income taxes	\$ 33,614	\$ 30,881
Note receivable	4,608	5,023
Prepaid expenses	7,302	5,751
Raw materials inventory	1,256	320
Other	6,918	9,950
Total other current assets	\$ 53,698	\$ 51,925

Accrued expenses consisted of the following at July 31, 2025 and January 31, 2025:

	July 31, 2025	January 31, 2025
Accrued project costs	\$ 29,798	\$ 31,620
Accrued compensation	20,854	29,772
Lease liabilities	2,378	2,710
Other	18,423	19,217
Total accrued expenses	\$ 71,453	\$ 83,319

#### 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 July 31, 2025, and the results of their operations for the three and six month periods ended July 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 additional 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. We may have more than one industrial focus depending on the opportunity and/or needs of our customers. Significant acquired companies will be operated in a manner that we believe will best provide long-term and enduring value for our stockholders.

#### **Market Outlook**

The majority 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 expansion of data centers supporting artificial intelligence technologies, the growing 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 grows as the retirement of traditional power plants outpaces their replacements. While renewable energy sources like solar and wind are expanding, 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 share of electricity generation, supported by declining capital costs, improved energy storage systems that enhance grid reliability, and supportive tax incentives. Despite their increasing cost competitiveness and their rapid deployment over the past several years, the long-term trajectory of renewables could be influenced by shifts in energy policy and evolving regulatory frameworks.

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 expenses and changes to project timelines. As the current U.S. administration's approach to tariffs remains fluid at this time, 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 income tax expense for the three and six months ended July 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**

At July 31, 2025 and January 31, 2025, our consolidated project backlog amounts of \$2.0 billion and \$1.4 billion, respectively, consisted substantially of projects within our Power Industry Services reporting segment.

Our reported project backlog 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.

#### *170 MW Thermal Project*

In July 2025, we entered into an EPC services contract for the development of a power plant with a planned generation capacity of approximately 170 MW. The facility is located in County Meath, Ireland. Construction is expected to begin during the second half of Fiscal 2026, with 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 for 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 for 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 full notice to proceed ("FNTP") with a customer for 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 FNTP 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 FNTP 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 FNTPs 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 experienced certain regulatory delays, is expected within the first half of Fiscal 2027.

#### *Trumbull Energy Center*

In November 2022, we received FNTP on an EPC services contract for 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 July 31, 2025, the Industrial Construction Services segment's project backlog was approximately \$189.0 million as compared to \$53.2 million on January 31, 2025. During the six months ended July 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 July 31, 2025 and 2024

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

	Three Months Ended July 31,			
	2025	2024	\$ Change	% Change
<b>REVENUES</b>				
Power Industry Services	\$ 196,948	\$ 173,760	\$ 23,188	13.3 %
Industrial Construction Services	36,065	49,642	(13,577)	(27.3)
Telecommunications Infrastructure Services	4,730	3,613	1,117	30.9
Revenues	<u>237,743</u>	<u>227,015</u>	<u>10,728</u>	<u>4.7</u>
<b>COST OF REVENUES</b>				
Power Industry Services	158,370	150,233	8,137	5.4
Industrial Construction Services	31,542	43,200	(11,658)	(27.0)
Telecommunications Infrastructure Services	3,564	2,477	1,087	43.9
Cost of revenues	<u>193,476</u>	<u>195,910</u>	<u>(2,434)</u>	<u>(1.2)</u>
<b>GROSS PROFIT</b>	<u>44,267</u>	<u>31,105</u>	<u>13,162</u>	<u>42.3</u>
Selling, general and administrative expenses	14,212	12,428	1,784	14.4
<b>INCOME FROM OPERATIONS</b>	<u>30,055</u>	<u>18,677</u>	<u>11,378</u>	<u>60.9</u>
Other income, net	5,581	5,604	(23)	(0.4)
<b>INCOME BEFORE INCOME TAXES</b>	<u>35,636</u>	<u>24,281</u>	<u>11,355</u>	<u>46.8</u>
Income tax expense	361	6,083	(5,722)	(94.1)
<b>NET INCOME</b>	<u>\$ 35,275</u>	<u>\$ 18,198</u>	<u>\$ 17,077</u>	<u>93.8 %</u>
 <b>DILUTED EARNINGS PER SHARE</b>	 <u>\$ 2.50</u>	 <u>\$ 1.31</u>	 <u>\$ 1.19</u>	 <u>90.4 %</u>

### Revenues

#### Power Industry Services

The revenues of the Power Industry Services business increased by 13.3%, or \$23.1 million, to \$196.9 million for the three months ended July 31, 2025 compared with revenues of \$173.8 million for the three months ended July 31, 2024 as the quarterly construction activities increased for the 405 MW Midwest Solar Project and the 700 MW Combined-Cycle Project. The increase in revenues between quarters was partially offset by decreased construction activities associated with the Midwest Solar and Battery Projects, the Trumbull Energy Center, the Louisiana LNG Facility, the Shannonbridge Power Project, and the ESB FlexGen Peaker Plants, as those projects have partially or fully concluded. The revenues of this business segment represented approximately 82.8% of consolidated revenues for the quarter ended July 31, 2025 and 76.5% of consolidated revenues for the corresponding prior year quarter.

The primary drivers for this segment's revenues for the three months ended July 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 decreased by \$13.5 million, or 27.3%, to \$36.1 million for the three months ended July 31, 2025 compared to revenues of \$49.6 million for the three months ended July 31, 2024, as the amounts of field services construction activities and vessel fabrication work decreased between periods. For the three months ended July 31, 2025 and 2024, the revenues of this segment represented 15.2% and 21.9% of consolidated revenues for the corresponding periods.

#### Telecommunications Infrastructure Services

The revenues of Telecommunications Infrastructure Services were \$4.7 million for the three months ended July 31, 2025, compared with revenues of \$3.6 million for the three months ended July 31, 2024.

**Cost of Revenues**

Cost of revenues were \$193.5 million and \$195.9 million for the three-month periods ended July 31, 2025 and 2024, respectively.

For the three-month period ended July 31, 2025, we reported a consolidated gross profit of approximately \$44.3 million, which represented a gross profit percentage of approximately 18.6% of corresponding consolidated revenues. For the three-month period ended July 31, 2024, we reported a consolidated gross profit of approximately \$31.1 million, which represented a gross profit percentage of approximately 13.7% 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 19.6%, 12.5% and 24.7%, respectively, for the quarter ended July 31, 2025. The gross profit percentages of corresponding revenues for the Power Industry Services, Industrial Construction Services and the Telecommunications Infrastructure Services segments were 13.5%, 13.0% and 31.4%, respectively, for the quarter ended July 31, 2024.

**Selling, General and Administrative Expenses**

These costs were \$14.2 million and \$12.4 million for the three months ended July 31, 2025 and 2024, respectively, and represented 6.0% and 5.5% of corresponding consolidated revenues, respectively.

**Other Income, Net**

For the three months ended July 31, 2025 and 2024, the net amounts of other income were \$5.6 million and \$5.6 million, respectively, which primarily reflected income earned during the period on investments, cash and cash equivalent balances.

**Income Tax Expense**

We recorded income tax expense for the three months ended July 31, 2025 in the net amount of approximately \$0.4 million. Our effective income tax rate for the three months ended July 31, 2025 was 1.0%. 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.

We recorded income tax expense for the three months ended July 31, 2024 in the net amount of approximately \$6.1 million. Our effective income tax rate for the three months ended July 31, 2024 was 25.1%. 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 Six Months Ended July 31, 2025 and 2024

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

	Six Months Ended July 31,			
	2025	2024	\$ Change	% Change
<b>REVENUES</b>				
Power Industry Services	\$ 357,304	\$ 284,026	\$ 73,278	25.8 %
Industrial Construction Services	65,249	93,341	(28,092)	(30.1)
Telecommunications Infrastructure Services	8,850	7,330	1,520	20.7
Revenues	431,403	384,697	46,706	12.1
<b>COST OF REVENUES</b>				
Power Industry Services	285,756	249,225	36,531	14.7
Industrial Construction Services	57,575	81,079	(23,504)	(29.0)
Telecommunications Infrastructure Services	6,942	5,344	1,598	29.9
Cost of revenues	350,273	335,648	14,625	4.4
<b>GROSS PROFIT</b>	81,130	49,049	32,081	65.4
Selling, general and administrative expenses	26,733	23,853	2,880	12.1
<b>INCOME FROM OPERATIONS</b>	54,397	25,196	29,201	115.9
Other income, net	11,025	10,398	627	6.0
<b>INCOME BEFORE INCOME TAXES</b>	65,422	35,594	29,828	83.8
Income tax expense	7,597	9,514	(1,917)	(20.1)
<b>NET INCOME</b>	\$ 57,825	\$ 26,080	\$ 31,745	121.7 %
<b>DILUTED EARNINGS PER SHARE</b>	\$ 4.09	\$ 1.90	\$ 2.19	115.5 %

### Revenues

#### Power Industry Services

The revenues of the Power Industry Services segment increased by 25.8%, or \$73.3 million, to \$357.3 million for the six months ended July 31, 2025 compared with revenues of \$284.0 million for the six months ended July 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 Shannonbridge Power Project, and the ESB FlexGen Peaker Plants, as those projects have partially or fully concluded. The revenues of this business segment represented approximately 82.8% of consolidated revenues for the six months ended July 31, 2025 and 73.8% of consolidated revenues for the six months ended July 31, 2024.

The primary driver for this segment's revenues for the six months ended July 31, 2024, were the construction activities of the Trumbull Energy Center, the Midwest Solar and Battery Projects, the Shannonbridge Power Project, and the ESB FlexGen Peaker Plants.

#### Industrial Construction Services

The revenues of our Industrial Construction Services segment decreased by \$28.1 million, or 30.1%, to \$65.2 million for the six months ended July 31, 2025 compared to revenues of \$93.3 million for the six months ended July 31, 2024 as the amounts of field services and vessel fabrication work decreased meaningfully between periods. For the six months ended July 31, 2025 and 2024, the revenues of this segment represented 15.1% and 24.3% of consolidated revenues for the corresponding periods.

#### Telecommunications Infrastructure Services

The revenue results of this business segment were \$8.9 million for the six-month period ended July 31, 2025, an increase of \$1.5 million, or 20.7%, from the amount of revenues earned during the six months ended July 31, 2024.



**Cost of Revenues**

With the increase in consolidated revenues for the six months ended July 31, 2025 compared with the six months ended July 31, 2024, the consolidated cost of revenues also increased between the periods. These costs were \$350.3 million and \$335.6 million for the six-month periods ended July 31, 2025 and 2024, respectively.

For the six-month period ended July 31, 2025, we reported a consolidated gross profit of approximately \$81.1 million, which represented a gross profit percentage of approximately 18.8% of corresponding consolidated revenues. For the six-month period ended July 31, 2024, we reported a consolidated gross profit of approximately \$49.0 million, which represented a gross profit percentage of approximately 12.8% of corresponding consolidated revenues. The gross profit percentage increased between periods primarily due to the changing mix of projects and contract types, partially offset by the unfavorable profit adjustments on an overseas project recorded during the prior year in the amount of \$2.8 million. The gross profit percentages of corresponding revenues for the Power Industry Services, Industrial Construction Services and the Telecommunications Infrastructure Services segments were 20.0%, 11.8% and 21.6%, respectively, for the six months ended July 31, 2025. The gross profit percentages of corresponding revenues for the Power Industry Services, Industrial Construction Services and the Telecommunications Infrastructure Services segments were 12.3%, 13.1% and 27.1%, respectively, for the six months ended July 31, 2024.

**Selling, General and Administrative Expenses**

These costs were \$26.7 million and \$23.9 million for the six months ended July 31, 2025 and 2024, respectively, and represented 6.2% and 6.2% of corresponding consolidated revenues, respectively.

**Other Income, Net**

Other income, net, for the six months ended July 31, 2025 and 2024 was \$11.0 million and \$10.4 million, respectively, which primarily reflected income earned during the period on investments, cash and cash equivalent balances.

**Income Taxes**

We incurred income tax expense for the six months ended July 31, 2025 in the amount of approximately \$7.6 million, which represents an effective income tax rate of 11.6%. 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.

For the six months ended July 31, 2024, we reported income tax expense in the amount of approximately \$9.5 million, which represented an effective tax rate of 26.7% for the period. This effective tax rate differed from the statutory federal tax rate of 21% due primarily to the unrecognized tax loss benefit for the six months ended July 31, 2024 and the typically unfavorable estimated effects of state income taxes and permanent differences.

**Liquidity and Capital Resources as of July 31, 2025**

At July 31, 2025 and January 31, 2025, our balances of cash and cash equivalents were \$177.9 million and \$145.3 million, respectively, which represented an increase of \$32.6 million during the current fiscal year.

The net amount of cash provided by operating activities for the six months ended July 31, 2025 was \$69.9 million. Our net income for the six months ended July 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 \$64.6 million. The increase in contract liabilities of \$17.6 million and the decrease in contract assets of \$4.7 million represented sources of cash during the period. The increase of accounts receivable in the amount of \$3.2 million and the increase of other assets of \$1.7 million represented uses of cash during the period. The decrease in the combined level of accounts payable and accrued expenses in the amount of \$12.0 million represented a use of cash during the period as well.

During the six months ended July 31, 2025, our primary source of cash from investing activities was the net maturities of CDs issued by the Bank, in the amount of \$55.0 million. We used \$67.2 million, net of maturities, to invest in AFS securities consisting of U.S. Treasury notes. We also used \$2.1 million for purchases of property, plant, and equipment.

For the six months ended July 31, 2025, we used \$24.9 million in cash for financing activities, including \$7.0 million used to repurchase shares of common stock pursuant to our share purchase program and \$10.3 million used for the payment of regular cash dividends. We also used \$7.6 million for share-based award settlements, which represented payments for

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

At July 31, 2025, a portion of our balance of cash and cash equivalents was invested in a money market fund with most of its net assets invested in cash, U.S. Treasury obligations, other obligations issued by U.S. Government agencies and sponsored enterprises, and repurchase agreements secured by U.S. government obligations. The majority of our domestic 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 six months ended July 31, 2025, our net liquidity increased by \$43.0 million to \$344.5 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 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.

At July 31, 2025, we did not have any borrowings outstanding under the Credit Agreement. However, the Bank has issued a letter of credit in the total outstanding amount of \$0.3 million at July 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 July 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 July 31, 2025, the estimated amount of our unsatisfied bonded performance obligations, covering all of our subsidiaries, was approximately \$0.6 billion. In addition, as of July 31, 2025, the outstanding amount of bonds covering other risks, including warranty obligations and contract payment retentions related to completed activities, was \$61.2 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 July 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 six months ended July 31, 2025, we did not make any cash payments to any solar tax credit entities. As of July 31, 2025, we had \$11.5 million of remaining cash investment commitments related to a solar fund, which we paid in August 2025. 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 July 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 six months ended July 31, 2025 and 2024, respectively (amounts in thousands):

	Three Months Ended	
	July 31,	
	2025	2024
Net income, as reported	\$ 35,275	\$ 18,198
Income tax expense	361	6,083
Depreciation	491	463
Amortization of intangible assets	98	98
EBITDA	<u>\$ 36,225</u>	<u>\$ 24,842</u>

	Six Months Ended	
	July 31,	
	2025	2024
Net income, as reported	\$ 57,825	\$ 26,080
Income tax expense	7,597	9,514
Depreciation	906	943
Amortization of intangible assets	196	195
EBITDA	<u>\$ 66,524</u>	<u>\$ 36,732</u>

#### 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 six months ended July 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 July 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 July 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 July 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 July 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 any current claim or proceeding will not have a material effect on our condensed consolidated financial statements.

### ITEM 1.A. 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 July 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)
May 1 - 31, 2025	94	\$ 144.00	—	\$ 40,647
June 1 - 30, 2025	49,318	\$ 235.43	—	\$ 40,647
July 1 - 31, 2025	2,896	\$ 226.19	1,000	\$ 40,447
<b>Total</b>	<b>52,308</b>		<b>1,000</b>	

For the month ended May 31, 2025, we accepted 94 shares of our common stock at the average price per share of \$144.00 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 June 30, 2025, we accepted 49,318 shares of our common stock at the average price per share of \$235.43 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 July 31, 2025, we accepted 1,896 shares of our common stock at the average price per share of \$240.00 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 July 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**

<b>Exhibit No.</b>	<b>Title</b>
3.1	<a href="#">Certificate of Incorporation, as amended.</a>
3.2	<a href="#">Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed on April 15, 2009).</a>
31.1	<a href="#">Certification of Chief Executive Officer, pursuant to Rule 13a-14(c) under the Securities Exchange Act of 1934.</a>
31.2	<a href="#">Certification of Chief Financial Officer, pursuant to Rule 13a-14(c) under the Securities Exchange Act of 1934.</a>
32.1	<a href="#">Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350. *</a>
32.2	<a href="#">Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350. *</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.**

September 4, 2025

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

September 4, 2025

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

ULTRA DYNAMICS CORPORATION

9-1195

CERTIFICATE  
OF  
INCORPORATION

Organized under the laws of the  
STATE OF DELAWARE

RECEIVED & FILED

MAY 15 1951

*Edna L. White*  
REGISTRAR OF DE.

9578 0000

CERTIFICATE OF INCORPORATION  
OF  
ULTRA DYNAMICS CORPORATION

\* \* \* \* \*

FIRST. The name of the corporation is  
ULTRA DYNAMICS CORPORATION

SECOND. Its principal office in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington 99, Delaware.

THIRD. The nature of the business, or objects or purposes to be transacted, promoted or carried on are:  
To manufacture, assemble, fabricate, produce, purchase, import, receive, lease as lessee, or otherwise acquire, own, hold, store, use, repair, service, maintain, mortgage, pledge, or otherwise encumber, sell, assign, lease as lessor, distribute, export and otherwise dispose of, and generally to trade and deal in and with, as principal, agent or otherwise, cleaning products and equipment, ultra violet ray equipment, water purifying equipment and electrical, mechanical and chemical equipment of all kinds, and any and all machinery, tools, equipment, appliances, devices, supplies and materials used or useful in connection with or incidental to any of the foregoing.



To pursue, prosecute, and engage in nuclear research and technical investigation, and to employ and maintain a staff of research technicians, consultants and experts for the purpose of carrying on such nuclear research. To build, construct, establish maintain and operate laboratories and such buildings as may be useful, or necessary to the pursuit of nuclear research.

To manufacture, purchase or otherwise acquire, invest in, own, mortgage, pledge, sell, assign and transfer or otherwise dispose of, trade, deal in and deal with goods, wares and merchandise and personal property of every class and description.

To acquire, and pay for in cash, stock or bonds of this corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation.

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trade-marks and trade names, relating to or useful in connection with any business of this corporation.

To acquire by purchase, subscription or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations,

choses in action and evidences of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associations, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof.

To enter into, make and perform contracts of every kind and description with any person, firm, association, corporation, municipality, county, state, body politic or government or colony or dependency thereof.

To borrow or raise moneys for any of the purposes of the corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the corporation for its corporate purposes.

To loan to any person, firm or corporation any of its surplus funds, either with or without security.

To purchase, hold, sell and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

To have one or more offices, to carry on all or any of its operations and business; and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of, real and personal property of every class and description in any of the states, districts, territories or colonies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, colony or country.

In general, to carry on any other business in connection with the foregoing, and to have and exercise all the powers conferred by the laws of Delaware upon corporations formed under the General Corporation Law of the State of Delaware, and to do any or all of the things hereinbefore set forth to the same extent as natural persons might or could do.

The objects and purposes specified in the foregoing clauses shall, except where otherwise expressed, be in nowise limited or restricted by reference to, or inference from, the terms of any other clause in this certificate of incorporation, but the objects and purposes specified in each of the foregoing clauses of this article shall be regarded as independent objects and purposes.

FOURTH. The total number of shares of stock which the corporation shall have authority to issue is two million (2,000,000) and the par value of each of such shares is Ten Cents (10¢) amounting in the aggregate to Two Hundred Thousand Dollars (\$200,000.00)

No stockholder of this corporation shall by reason of his holding shares of any class have any pre-emptive or preferential right to purchase or subscribe to any shares of any class of this corporation, now or hereafter to be authorized, or any notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of any class, now or hereafter to be authorized, whether or not the issuance of any such shares, or such notes, debentures, bonds or other securities, would adversely affect the dividend or voting rights of such stockholder, other than such rights, if any, as the board of directors, in its discretion from time to time may grant and at such price as the board of directors in its discretion may fix; and the board of directors may issue shares of any class of this corporation, or any notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of any class, without offering any such shares of any class, either in whole or in part, to the existing stockholders of any class.

FIFTH. The minimum amount of capital with which the corporation will commence business is One Thousand Dollars (\$1,000.00).

SIXTH. The names and places of residence of the incorporators are as follows:

NAMES

RESIDENCES

S. H. Livesay	Wilmington, Delaware
L. A. Schoonsmaker	Wilmington, Delaware
S. S. Galaska	Wilmington, Delaware

SEVENTH. The corporation is to have perpetual existence.

EIGHTH. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

NINTH. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter or repeal the by-laws of the corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.

To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

By resolution passed by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the directors of the corporation which, to the extent provided in the resolution or in the by-laws of the corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize

the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the corporation or as may be determined from time to time by resolution adopted by the board of directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, to sell, lease or exchange all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as its board of directors shall deem expedient and for the best interests of the corporation.

TENTH. Meetings of stockholders may be held outside the State of Delaware, if the by-laws so provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by ballot unless the by-laws of the corporation shall so provide.

ELEVENTH. The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or

hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

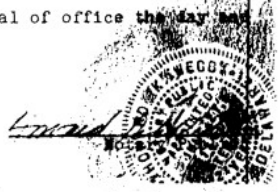
WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set our hands and seals this 15th day of May A.D. 1961.

*S. H. Livesay*  
*L. A. Schoonmaker*  
*S. S. Galaska*

STATE OF DELAWARE }  
COUNTY OF NEW CASTLE } ss:

BE IT REMEMBERED that on this 15th day of May A.D. 1961, personally came before me, a Notary Public for the State of Delaware, S. H. Livesay, L. A. Schoonmaker and S. S. Galaska, all of the parties to the foregoing certificate of incorporation, known to me personally to be such, and severally acknowledged the said certificate to be the act and deed of the signers respectively and that the facts therein stated are truly set forth.

GIVEN under my hand and seal of office this day of May year aforesaid.



ULTRA DYNAMICS CORPORATION

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION

Organized under the laws of the  
STATE OF DELAWARE

FILED  
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CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
ULTRA DYNAMICS CORPORATION

\* \* \* \* \*

ULTRA DYNAMICS CORPORATION, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of ULTRA DYNAMICS CORPORATION, resolutions were duly adopted setting forth a proposed amendment to the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "FOURTH" so that, as amended said Article shall be and read as follows:

#### ARTICLE FOURTH

The total number of shares of stock which this corporation is authorized to have outstanding at any one time is Three Million Five Hundred Thousand (3,500,000) shares which shall be divided as follows:

(a) Three Million (3,000,000) shares of Common Stock having a nominal or par value of Ten Cents (\$.10) per share.

(b) Five Hundred Thousand (500,000) shares of Preferred Stock having a nominal or par value of Ten Cents (\$.10) per share.

The designations, voting powers, preferences, optional or other special rights and qualifications, limitations, or restrictions of the above classifications of stock shall be as follows:

##### SECTION A—PREFERRED STOCK

1. Shares of the Preferred Stock may be issued in one or more kinds, subdivided into classes and series at such time or times and for such consideration or considerations as the Board of Directors may determine. All shares of any one series shall be of equal rank and identical in all respects.

2. Authority is hereby expressly granted to the Board of Directors to fix from time to time, by resolution or resolutions providing for the issue of any kind, class, and series of Preferred Stock, the designation of such kind, class, and series and the powers, preferences and rights of the shares of such kind, class, and series and the powers, preferences and rights of the shares of such kind, class, and series, and the qualifications, limitations or restrictions thereof, including the following:

(a) The distinctive designation and number of shares comprising such kind, class, and series, which number may (except where otherwise provided by the Board of Directors in creating such kind, class, and series) be increased or decreased (but not below the number of shares then outstanding) from time to time by action of the Board of Directors;

(b) The dividend rate on the shares of that kind, class, and series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that kind, class, and series over shares of any kind, class, and series;

(c) Whether the shares of that kind, class, and series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(d) Whether that kind, class, and series, shall have a sinking fund for the redemption or purchase of shares of that kind, class, and series and, if so, the terms and amounts payable into such sinking fund;

(e) The rights to which the holders of the shares of that kind, class, and series shall be entitled in the event of voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, and the relative rights of priority, if any, of payment of shares of that kind, class, and series;

(f) Whether the shares of that kind, class, and series shall be convertible into or exchangeable for shares of stock of any class or any other kind, class, and series of Preferred Stock, and, if so, the terms and conditions of such conversion or exchange, including the method of adjusting the rates of conversion or exchange in the event of a stock split, stock dividend, combination of shares or similar event;

(g) Whether the shares of that kind, class, and series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;

(h) Whether the issuance of any additional shares of such kind, class, and series, or of any shares of any other kind, class, and series, shall be subject to restrictions as to issuance, or as to the powers, preferences or rights of any such other kind, class, and series;

(i) Any other preferences, privileges and powers, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such kind, class, and series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of this Certificate of Incorporation and to the full extent now or hereafter permitted by the laws of Delaware.

3. Payments of dividends shall be as follows:

(a) The holders of Preferred Stock of each kind, class, and series designated as cumulative in respect of dividends, in preference to the holders of the Common Stock, shall be entitled to receive, as and when declared by the Board of Directors out of funds legally available therefor, cash dividends, at the rate for such series fixed in accordance with the provisions of Section A of this Article III and no more;

(b) The holders of Preferred Stock of each series designated as non-cumulative in respect of dividends, in preference to the holders of the Common Stock, shall be entitled to receive, as and when declared by the Board of Directors out of funds legally available therefor, cash dividends, at the rate for such series fixed in accordance with the provisions of Section A of this Article III and no more;

(c) No dividend shall be paid upon, or declared or set aside for, any share of Preferred Stock with respect to any dividend period unless at the same time a like proportionate dividend with respect to the same dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon, or declared and set apart for, all shares of Preferred Stock of all kinds, classes, and series then issued and outstanding and entitled to receive such dividend;

(d) So long as any shares of Preferred Stock shall be outstanding, in no event shall any dividend, whether in cash or property, be paid or declared, nor shall any distribution be made, on the Common Stock, nor shall any shares of the Common Stock be purchased, redeemed or otherwise acquired for value by the Corporation, unless all dividends on all cumulative kinds, classes, and series of Preferred Stock with respect to all past dividend periods and unless all dividends of all kinds, classes, and series of Preferred Stock for the then current dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart, and unless the Corporation shall not be in default with respect to any of its obligations with respect to any sinking fund of any kind, class, and series of Preferred Stock. The foregoing provisions of this Paragraph (d) shall not, however, apply to a dividend payable in Common Stock;

(e) No dividends shall be deemed to have accrued on any share of Preferred Stock of any kind, class, and series with respect to any period prior to the date of original issue of such share or the dividend payment date immediately preceding or following such date of original issue, as may be provided in the resolution or resolutions of the Board of Directors creating such kind, class, and series. The Preferred Stock shall not be entitled to participate in any dividends declared and paid on the Common Stock, whether payable in cash, stock or otherwise. Accruals of dividends shall not bear interest.

4. In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, the holders of the shares of each kind, class, and series of the Preferred Stock then outstanding shall be entitled to receive out of the net assets of the Corporation, but only in accordance with the preferences, if any, provided for such kind, class, and series, before any distribution or payment shall be made to the holders of the Common Stock; the amount per share fixed by the resolution or resolutions of the Board of Directors to be received by the holders of shares of each such kind, class, and series on such voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, as the case may be. If such payment shall have been made in full to the holders of all out-

standing Preferred Stock of all kind, class, and series, or duly provided for, the remaining assets of the Corporation shall be available for distribution among the holders of the Common Stock (as provided in Section B(2) of this Article III). If upon any such liquidation, dissolution, distribution of assets or winding-up, the net assets of the Corporation available for distribution among the holders of any one or more kind, class, and series of the Preferred Stock which (i) are entitled to a preference over the holders of the Common Stock upon such liquidation, dissolution, distribution of assets or winding-up, and (ii) rank equally in connection therewith, shall be insufficient to make payment in full of the preferential amount to which the holders of such shares shall be entitled, then such assets shall be distributed among the holders of each such kind, class, and series of the Preferred Stock ratably according to the respective amounts to which they would be entitled in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such share were paid in full.

Neither the consolidation or merger of the Corporation, nor the sale, lease or conveyance (whether for cash, securities or other property) of all or part of its assets, shall be deemed a liquidation, dissolution, distribution of assets or winding-up of the Corporation within the meaning of the foregoing provisions.

5. Except to the extent otherwise required by law or provided in the resolution or resolutions of the Board of Directors adopted pursuant to authority granted in this Section A of Article III, the shares of the Preferred Stock shall have no voting power with respect to any matter whatsoever.

In no event shall the Preferred Stock be entitled to more than one vote in respect of each share of stock.

6. Shares of Preferred Stock which have been redeemed, converted, exchanged, purchased, retired or surrendered to the Corporation, or which have been reacquired in any manner, shall have the status of authorized and unissued Preferred Stock and may be reissued by the Board of Directors as shares of the same or any other series.

#### SECTION B—COMMON STOCK

1. After the requirements with respect to preferential dividends, if any, on the Preferred Stock (fixed pursuant to Paragraph 2(b) of Section A and as further provided for in Paragraph 3 of Section A, both of this Article III) shall have been met, and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums in a sinking fund for the purchase or redemption of shares of any kind, class, and series of Preferred Stock (fixed pursuant to Paragraph 2(c) and (d) of Section A of this Article III), then and not otherwise, the holders of Common Stock shall receive, to the extent permitted by law, such dividends as may be declared from time to time by the Board of Directors;

2. After distribution in full of the preferential amount, if any (fixed pursuant to Paragraph 2(e) of Section A of this Article III), to be distributed to the holders of Preferred Stock, in the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively;

3. Except as may be otherwise required by law or by this Certificate of Incorporation, each holder of Common Stock shall have one vote in respect of each share of such stock held by him on all matters voted upon by the stockholders.

#### SECTION C—OTHER PROVISIONS

1. The stockholders of the Corporation are expressly denied the preemptive right to subscribe to any or all additional issues of stock of the Corporation of any or all classifications, kinds, classes or series thereof.

2. Any and all shares issued by the Corporation for which the full consideration has been paid or delivered shall be deemed fully paid and nonassessable shares.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation will not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said ULTRA DYNAMICS CORPORATION, has caused its corporate seal to be hereunto affixed and this certificate to be signed by Walter M. Trammell its President, and attested by Richard Weisner its Secretary, this 17th day of December, 1968.



ULTRA DYNAMICS CORPORATION

By Walter M. Trammell  
President

ATTEST:

By Richard Weisner  
Secretary

STATE OF *New Jersey* } ss:  
COUNTY OF *Passaic* }

BE IT REMEMBERED that on this *12<sup>th</sup>* day of *December*  
19*68*, personally came before me, a Notary Public in and for the  
County and State aforesaid, *Walter M. Trommler*  
President of ULTRA DYNAMICS CORPORATION, a corporation of the  
State of Delaware, and he duly executed said certificate before  
me and acknowledged the said certificate to be his act and deed  
and the act and deed of said corporation and the facts stated  
therein are true; and that the seal affixed to said certificate  
and attested by the Secretary of said corporation is the common  
or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and  
seal of office the day and year aforesaid.



(SEAL)

*Helen E. Gallagher*  
Notary Public

A NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES JAN. 30, 1973

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
ULTRA DYNAMICS CORPORATION

.....  
ULTRA DYNAMICS CORPORATION, a Corporation organized and existing under and by  
virtue of the General Corporation Law of the State of Delaware, does hereby  
certify:

**FIRST:** That at a meeting of the Board of Directors of the Corporation,  
resolutions were duly adopted setting forth a proposed amendment to the Certificate  
of Incorporation of said Corporation, declaring said Amendment to be advisable and  
calling a meeting of the stockholders of said Corporation for consideration  
thereof. The resolution setting forth the proposed amendment is as follows:

**RESOLVED:** That the Certificate of Incorporation of this Corporation be amended by  
changing the Article thereof numbered "FOURTH" so that, as amendment, said Article  
shall be and read as follows:

**ARTICLE FOURTH:**

The total number of shares of stock which this Corporation is authorized to have  
outstanding at any one time is Six Million Five Hundred thousand (6,500,000) which  
shall be divided as follows:

- (a) Six Million (6,000,000) shares of Common Stock having a nominal or par  
value of Ten Cents (\$.10) per share;
- (b) Five Hundred Thousand (500,000) shares of Preferred Stock having a  
nominal or par value of Ten Cents (\$.10) per share.

The designations, voting powers, preferences, optional or other special rights and  
qualifications, limitations, or restrictions of the above classifications of stock  
shall be as follows:

**SECTION A - PREFERRED STOCK**

- (1) Shares of the Preferred Stock may be issued in one or more kinds, subdivided  
into classes and series at such time or times and for such consideration or  
considerations as the Board of Directors may determine. All shares of any one  
series shall be of equal rank and identical in all respects.
- (2) Authority is hereby expressly granted to the Board of Directors to fix, from  
time to time, by resolution or resolutions providing for the issue of any  
kind, class, and series of Preferred Stock, the designation of such kind,  
class, and series and the powers, preferences and rights of the shares of such  
kind, class, and series and the powers, preferences and rights on the shares  
of such kind, class, and series, and the qualifications, limitations or  
restrictions thereof, including the following:

- (a) The distinctive designation and number of shares comprising such kind, class, and series, which number may (except where otherwise provided by the Board of Directors in creating such kind, class, and series) be increased or decreased (but not below the number of shares then outstanding) from time to time by action of the Board of Directors;
  - (b) The dividend rate on the shares of that kind, class, and series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that kind, class, and series over shares of any kind, class, and series;
  - (c) Whether the shares of that kind, class, and series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
  - (d) Whether that kind, class, and series, shall have a sinking fund for the redemption or purchase of shares of that kind, class, and series and, if so, the terms and amounts payable into such sinking fund;
  - (e) The rights to which the holders of the shares of that kind, class, and series shall be entitled in the event of voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, and the relative rights of priority, if any, of payment of shares of that kind, class, and series;
  - (f) Whether the shares of that kind, class, and series shall be convertible into or exchangeable for shares of stock of any class or any other kind, class, and series of Preferred Stock, and, if so, the terms and conditions of such conversion or exchange, including the method of adjusting the rates of conversion or exchange in the event of a stock split, stock dividend, combination of shares or similar event;
  - (g) Whether the shares of that kind, class, and series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;
  - (h) Whether the issuance of any additional shares of such kind, class, and series, or of any shares of any other kind, class, and series, shall be subject to restrictions as to issuance, or as to the powers, preferences or rights of any such other kind, class, and series;
  - (i) Any other preferences, privileges and powers, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such kind, class, and series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of this Certificate of Incorporation and to the full extent now or hereafter permitted by the laws of Delaware.
- (3) Payments of dividends shall be as follows:

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(a) The holders of Preferred Stock of each kind, class, and series designated as cumulative in respect of dividends, in preference to the holders of the Common Stock, shall be entitled to receive, as and when declared by the Board of Directors out of funds legally available therefor, cash dividends, at the rate for such series fixed in accordance with the provisions of Section A of this Article IV and no more.

(b) The holders of Preferred Stock of each series designated as non-cumulative in respect of dividends, in preference to the holders of the Common Stock, shall be entitled to receive, as and when declared by the Board of Directors out of funds legally available therefor, cash dividends, at the rate for such series fixed in accordance with the provisions of Section A of this Article IV and no more;

(c) No dividend shall be paid upon, or declared or set aside for, any share of Preferred Stock with respect to any dividend period unless at the same time a like proportionate dividend with respect to the same dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon, or declared and set apart for, all shares of Preferred Stock of all kinds, classes, and series then issued and outstanding and entitled to receive such dividend;

(d) So long as any shares of Preferred Stock shall be outstanding, in no event shall any dividend, whether in cash or property, be paid or declared, nor shall any distribution be made, on the Common Stock, nor shall any shares of the Common Stock be purchased, redeemed or otherwise acquired for value by the Corporation, unless all dividends on all cumulative kinds, classes, and series of Preferred Stock with respect to all past dividend periods and unless all dividends of all kinds, classes, and series of Preferred Stock for the then current dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart, and unless the Corporation shall not be in default with respect to any of its obligations with respect to any sinking fund of any kind, class, and series of Preferred Stock. The foregoing provisions of this Paragraph (d) shall not, however, apply to a dividend payable in Common Stock.

(e) No dividends shall be deemed to have accrued on any share of Preferred Stock of any kind, class, and series with respect to any period prior to the date of original issue of such share or the dividend payment date immediately preceding or following such date of original issue, as may be provided in the resolution or resolutions of the Board of Directors creating such kind, class, and series. The Preferred Stock shall not be entitled to participate in any dividends declared and paid on the Common Stock, whether payable in cash, stock or otherwise. Accruals of dividends shall not bear interest.

(4) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, the holders of the shares of each kind, class, and series of the Preferred Stock then outstanding shall be entitled to receive out of the net assets of the Corporation, but only in accordance with the preferences, if any, provided for such kind, class, and series, before any distribution or payment shall be made to the holders of the Common Stock, the amount per share fixed by the resolution or resolutions of the Board of

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Directors to be received by the holders of shares of each such kind, class, and series on such voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, as the case may be. If such payment shall have been made in full to the holders of all outstanding Preferred Stock of all kind, class, and series, or duly provided for, the remaining assets of the Corporation shall be available for distribution among the holders of the Common Stock (as provided in Section B(2) of this Article IV). If upon any such liquidation, dissolution, distribution of assets or winding-up, the net assets of the Corporation available for distribution among the holders of any one or more kind, class, and series of the Preferred Stock which (i) are entitled to a preference over the holders of the Common Stock upon such liquidation, dissolution, distribution of assets or winding-up, and (ii) rank equally in connection therewith, shall be insufficient to make payment in full of the preferential amount to which the holders of such shares shall be entitled, then such assets shall be distributed among the holders of each such kind, class, and series of the Preferred Stock ratably according to the respective amounts to which they would be entitled in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such share were paid in full.

Neither the consolidation or merger of the Corporation, nor the sale, lease or conveyance (whether for cash, securities or other property) of all or part of its assets, shall be deemed a liquidation, dissolution, distribution of assets or winding up of the Corporation within the meaning of the foregoing provisions.

(5) Except to the extent otherwise required by law or provided in the resolution or resolutions of the Board of Directors adopted pursuant to authority granted in this Section A of Article IV, the shares of the Preferred Stock shall have no voting power with respect to any matter whatsoever.

In no event shall the Preferred Stock be entitled to more than one vote in respect of each share of stock.

(6) Shares of Preferred Stock which have been redeemed, converted, exchanged, purchased, retired or surrendered to the Corporation, or which have been re-acquired in any manner, shall have the status of authorized and unissued Preferred Stock and may be re-issued by the Board of Directors as shares of the same or any other series.

#### SECTION B - COMMON STOCK

(1) After the requirements with respect to preferential dividends, if any, on the Preferred Stock (fixed pursuant to Paragraph 2(b) of Section A and as further provided for in Paragraph 3 of Section A, both of this Article IV) shall have been met, and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums in a sinking fund for the purchase or redemption of shares of any kind, class, and series of Preferred Stock (fixed pursuant to Paragraph 2(c) and (d) of Section A of this Article IV), then and not otherwise, the holders of Common Stock shall receive, to the extent permitted by law, such dividends as may be declared from time to time by the Board of Directors;

(2) After distribution in full of the preferential amount, if any (fixed pursuant to Paragraph 2(e) of Section A of this Article IV), to be distributed to the holders of Preferred Stock, in the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation,

the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively;

SECTION C - OTHER PROVISIONS

(1) The stockholders of the Corporation are expressly denied the preemptive right to subscribe to any or all additional issues of stock of the Corporation of any or all classifications, kinds, classes or series thereof.

(2) Any and all shares issued by the Corporation for which the full consideration has been paid or delivered shall be deemed fully paid and nonassessable shares.

SECOND: That thereafter, pursuant to the resolution of its Board of Directors, a special meeting of the stockholders of said Corporation was duly called and held, upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the Amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation will not be reduced under or by reason of said Amendment.

IN WITNESS WHEREOF, said ULTRA DYNAMICS CORPORATION, has caused its corporate seal to be hereunto affixed and this Certificate to be signed by GEORGE G. SOLYMAR, its President, and attested by REUBEN M. SIWEK, its Secretary, this 17th day of April, 1983.



ULTRA DYNAMICS CORPORATION

BY: George G. SolyMAR  
GEORGE G. SOLYMAR, President

ATTEST:

BY: Reuben M. Siwek  
REUBEN M. SIWEK, Secretary

STATE OF NEW YORK )  
COUNTY OF WESTCHESTER ) SS.:

On the 30<sup>th</sup> day of April, 1983, personally came before me, a Notary Public in and for the County and State as aforesaid, GEORGE G. SOLIMAR, President of ULTRA DYNAMICS CORPORATION, a Corporation of the State of Delaware, and he duly executed said Certificate before me and acknowledged the said Certificate to be his act and deed and the act and deed of said Corporation and the facts stated therein are true; and that the seal affixed to the said Certificate and attested by the Secretary of said Corporation is the common or corporate seal of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

  
NOTARY PUBLIC

(SEAL)

STEPHEN J. MICHIANO  
Notary Public, State of New York  
No. 4741924  
Qualified in Westchester County  
Commission Expires March 30, 1985

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FILED

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JUN 13 1983

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION

*Thomas C. Kasper*  
SECRETARY OF STATE

.....  
Ultra Dynamics Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Ultra Dynamics Corporation on April 28, 1983, resolutions were duly adopted setting forth a proposed amendment to the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED: That the Certificate of Incorporation of this corporation be amended by changing the FIRST Article thereof so that, as amended, said Article shall be and read as follows:

"The name of the corporation is Puroflow Incorporated"


SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held on April 28, 1983, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

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IN WITNESS WHEREOF, said Ultra Dynamics Corporation has caused this Certificate to be signed by GEORGE G. SOLYMAR, its President and attested by REUBEN M. SIWEK, its Secretary, this 6<sup>th</sup> day of May, 1983.

ULTRA DYNAMICS CORPORATION

BY:   
GEORGE G. SOLYMAR  
President

ATTEST:

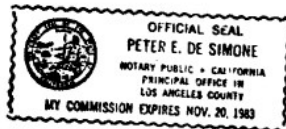
  
REUBEN M. SIWEK, Secretary

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STATE OF COLIFORNIA )  
COUNTY OF LOS ANGELES ) SS.:

On the 24<sup>th</sup> day of May, 1983, personally came before me, a Notary Public in and for the County and State as aforesaid, GEORGE G. SOLYMAR, President of ULTRA DYNAMICS CORPORATION, a Corporation of the State of Delaware, and he duly executed said Certificate before me and acknowledged the said Certificate to be the act and deed of said Corporation and the facts stated therein are true; and that the seal affixed to the said Certificate and attested by the Secretary of the Corporation is the common or corporate seal of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.



*Peter E. De Simone*  
NOTARY PUBLIC

(SEAL)

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CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
PUROFLOW INCORPORATED

SEP 17 1987

*Handwritten signature*  
RECORDED BY CLERK

(Pursuant to Section 242)

PUROFLOW INCORPORATED, a Corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

**FIRST:** That at a meeting of the Board of Directors of the Corporation, resolutions were duly adopted setting forth a proposed amendment to the Certificate of Incorporation of said Corporation, declaring said Amendment to be advisable and calling a meeting of the Stockholders of said Corporation for consideration thereof. The resolution setting forth the proposed Amendment is as follows:

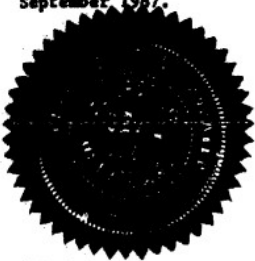
**RESOLVED:** That the Certificate of Incorporation of this Corporation be amended by adding a new section 12 to such Certificate of Incorporation titled "Section 12. Limitation of Liability of Directors" as follows:

"Section 12. Limitation of Liability of Directors.

"(A) A Director of the Corporation shall not be liable to the Corporation or its Stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law as the same exists or may hereafter be amended.

"(B) Any repeal or modification of the foregoing paragraph (A) by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to, or at the time of, such repeal or modification."

IN WITNESS WHEREOF, said PUROFLOW INCORPORATED, has caused its Corporate Seal to be hereunto affixed and this Certificate to be signed by George G. Solymar, its President, and attested by Reuben M. Siwek, its Secretary, this 4th day of September 1987.



PUROFLOW INCORPORATED

BY:

*George G. Solymar*  
George G. Solymar, President

Attest:

BY:

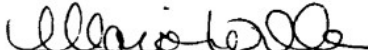
*Reuben M. Siwek*



STATE OF NEW YORK       )  
COUNTY OF WESTCHESTER ) SS.:

On the 5th day of September, personally came before me, a Notary Public in and for the County and State as aforesaid, GEORGE G. SOLYMAR, President of PUROFLOW INCORPORATED, a Corporation of the State of Delaware, and he duly executed said Certificate before me and acknowledged the said Certificate to be his act and deed and the act and deed of said Corporation and the facts stated therein are true; and that the seal affixed to the said Certificate and attested by the Secretary of said Corporation is the common or Corporate Seal of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

  
NOTARY PUBLIC

(SEAL)

MARIAN WILLIAMS  
NOTARY PUBLIC, State of New York  
No 81 Wt 4006716  
Qualified in Westchester County  
Commission Expires 12/31/88 ~

729080028

FILED

MAR 21 1989

*[Signature]*  
SECRETARY OF STATE

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
Puroflow Incorporated

\* \* \* \* \*

Puroflow Incorporated, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a meeting duly held, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of Puroflow Incorporated be amended by changing the first three paragraphs of the Fourth Article thereof so that, as amended, said Article shall be and read as follows:

"The total number of shares of stock which this corporation is authorized to have outstanding at any one time is six million five hundred thousand (6,500,000) shares, which shall be divided as follows:

(a) Six million (6,000,000) shares of Common stock having a nominal or par value of Six and Two-Thirds Cents (\$.06 2/3) per share.

(b) Five hundred thousand (500,000) shares of Preferred stock having a nominal or par value of Ten Cents (\$.10) per share."

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders have given unanimous written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.


THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Puroflow Incorporated has caused this Certificate to be signed by GEORGE SOLYMAR, its President, and attested by REUBEN M. SIWEK, its Secretary, this Ninth day of March , 1989.

Puroflow Incorporated

By   
George Solymar, President

ATTEST:

By   
Reuben M. Siwek, Secretary

**CERTIFICATE OF AMENDMENT OF  
CERTIFICATE OF INCORPORATION OF  
PUROFLOW INCORPORATED**

\*\*\*\*\*

Puroflow Incorporated, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, *DOES HEREBY CERTIFY:*

**FIRST:** That the Board of Directors of said corporation, at a meeting duly held, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

*RESOLVED*, That the Certificate of Incorporation of Puroflow Incorporated be amended by changing the first three paragraphs of the Fourth Article thereof so that, as amended, said Article shall be and read as follows:

"The total number of shares of stock which this corporation is authorized to have issued at any one time is **Twelve Million Five Hundred Thousand** (12,500,000) shares, which shall be divided as follows:

(a) Twelve Million (12,000,000) shares of Common Stock having a nominal or par value of One Cent (\$.01) per share.

(b) Five Hundred Thousand (500,000) shares of Preferred Stock having a nominal or par value of Ten Cents (\$.10) per share."

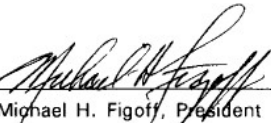
**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, an Annual Meeting of Stockholders of said corporation was duly called and held on September 18, 1995, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

**THIRD:** That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

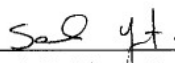
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*IN WITNESS WHEREOF*, said Puroflow Incorporated has caused this Certificate to be signed by Michael H. Figoff, its President, and attested by Sandy Yoshisato, its Secretary, this 3rd day of October, 1995.

Puroflow Incorporated

BY   
Michael H. Figoff, President

ATTEST:

By   
Sandy Yoshisato, Secretary

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

No. 5807

State of California

County of Los Angeles

On October 3, 1995 before me, Sandy Yoshisato, Notary Public

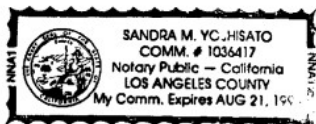
DATE

NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Michael H. Figoff

NAME(S) OF SIGNER(S)

☒ personally known to me - **OR** - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

S. Q. Yoshisato  
SIGNATURE OF NOTARY

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

**CAPACITY CLAIMED BY SIGNER**

- ☐ INDIVIDUAL  
☒ CORPORATE OFFICER

President

TITLE(S)

- ☐ PARTNER(S) ☐ LIMITED  
☐ GENERAL  
☐ ATTORNEY-IN-FACT  
☐ TRUSTEE(S)  
☐ GUARDIAN/CONSERVATOR  
☐ OTHER: \_\_\_\_\_

**DESCRIPTION OF ATTACHED DOCUMENT**

Certificate of Amendment of  
Certificate of Incorporation

TITLE OR TYPE OF DOCUMENT

Two (2)

NUMBER OF PAGES

October 3, 1995

DATE OF DOCUMENT

**SIGNER IS REPRESENTING:**

NAME OF PERSON(S) OR ENTITY(IES)  
Puroflow Incorporated

SIGNER(S) OTHER THAN NAMED ABOVE

**CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
FUROFLOW INCORPORATED**

Puroflow Incorporated, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

**DOES HEREBY CERTIFY:**

**FIRST:** That the Board of Directors of the Corporation at a duly called meeting, duly adopted resolutions setting forth a proposed amendment of the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and proposing that said amendment be considered by the stockholders of the Corporation. The resolution setting forth the proposed amendment is as follows:

**RESOLVED,** that the Board of Directors declares that it is advisable to amend Article FOURTH of the Certificate of Incorporation of the Corporation as follows:

"FOURTH: This Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of Common Stock this Corporation is authorized to issue is 12,000,000, par value \$.15 per share, and the total number of shares of Preferred Stock this Corporation is authorized to issue is 500,000 shares of Preferred Stock, par value \$.10 per share, with the Board of Directors being hereby authorized to fix or alter the rights, preferences, privileges and restriction granted to or imposed upon any series of such Preferred Stock, and the number of shares constituting any such series and the designation thereof, or of any of them. The Board of Directors is also authorized to increase or decrease the number of shares of any series, prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

As of October 2, 2001 (the "Effective Date"), each share of Common Stock, par value \$.01 per share, of the Corporation issued and outstanding or held as treasury

shares immediately prior to the Effective Date (the "Old Common Stock") shall automatically be reclassified and continued (the "Reverse Split"), without any action on the part of the holder thereof, as one-fifteenth of one share of Common Stock. The Corporation shall not issue fractional shares on account of the Reverse Split. Holders of Old Common Stock who would otherwise be entitled to a fraction of a share on account of the Reverse Split shall receive, upon surrender of the stock certificates formerly representing shares of the Old Common Stock, in lieu of such fractional share, an amount in cash (the "Cash-in-Lieu Amount") equal to the then market value of such fractional interest. Such market value will be determined by calculating the average closing price of the Common Stock as quoted on the OTC Bulletin Board for the ten business days prior to the Effective Date. No interest shall be payable on the Cash-in-Lieu Amount."

SECOND: That thereafter, the stockholders of the Corporation, at a duly called meeting of the stockholders, voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Puroflow Incorporated has caused this Certificate to be signed by Michael H. Figoff, its President and Chief Executive Officer, this 25 day of September, 2001.

PUROFLOW INCORPORATED

By: 

Michael H. Figoff  
President and Chief Executive Officer



**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
PUROFLOW INCORPORATED**

PUROFLOW INCORPORATED, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

1. This Certificate of Amendment amends the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") by amending Article First to change the name of the Corporation.

2. The text of Article First of the Certificate of Incorporation is amended hereby to read as follows:

"First: The name of the Corporation is Argan, Inc."

3. The foregoing amendment to the Certificate of Incorporation was duly adopted by vote of the stockholders holding a majority of the outstanding stock entitled to vote thereon.

4. This amendment to the Certificate of Incorporation was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by the undersigned authorized officer this 23<sup>rd</sup> day of October, 2003.

PUROFLOW INCORPORATED

By: 

Name: Rainer H. Bosselmann  
Title: Chairman of the Board

**CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
ARGAN, INC.**

ARGAN, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

1. This Certificate of Amendment amends the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") by amending the Fourth Article thereof to increase the number of authorized shares of the Corporation's Common Stock from 12,000,000 shares to 30,000,000 shares.
2. The text of Article Four of the Certificate of Incorporation is hereby amended by deleting the reference therein to "12,000,000" and inserting "30,000,000" in lieu thereof.
3. The foregoing amendment to the Certificate of Incorporation was duly adopted by vote of the stockholders holding a majority of the outstanding stock entitled to vote thereon.
4. This amendment to the Certificate of Incorporation was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by the undersigned authorized officer this 19<sup>th</sup> day of June, 2007.

ARGAN, INC.

By: 

Name: Rainer H. Bosselmann  
Title: Chairman of the Board

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 10:07 PM 06/25/2007  
FILED 09:37 PM 06/25/2007  
SRV 070749258 - 0567115 FILE

**CERTIFICATE OF AMENDMENT  
TO THE  
CERTIFICATE OF INCORPORATION  
OF  
ARGAN, INC.**

Argan, inc. (the "**Corporation**"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "**DGCL**"), hereby certifies as follows:

FIRST: This Certificate of Amendment (the "**Certificate**") amends the provisions of the Corporation's Certificate of Incorporation originally filed with the Secretary of State of the State of Delaware on May 15, 1961, as subsequently amended (the "**Amended Certificate of Incorporation**").

SECOND: Article 12 of the Amended Certificate of Incorporation is hereby amended and restated in its entirety as follows:

**TWELFTH.** No director or officer of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. If the General Corporation Law of the State of Delaware is amended after the effective date of this Amended Certificate to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended, as of the date of such amendment.

No amendment or modification (including any amendment or modification effected by operation of law merger, consolidation or otherwise) or repeal of the foregoing paragraph shall apply to or have any effect on the liability or alleged liability of any director or officer of the Corporation hereunder in respect of any acts or omissions occurring prior to the effectiveness of such amendment, modification or repeal.

THIRD: This amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.

FOURTH: All other provisions of the Amended Certificate of Incorporation shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto signed his name and affirms that the statements made in this Certificate are true under the penalties of perjury this 17th day of June, 2025.

  
\_\_\_\_\_  
David Watson, President and Chief Executive Officer

## 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 July 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: September 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 July 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: September 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 July 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: September 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 July 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: September 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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