



**INVESTOR
PRESENTATION**



Argan, Inc.

**NYSE: AGX
June 2023**



Safe Harbor Statement

All statements in this presentation that are not historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements, may be identified by words such as “believe,” “intend,” “expect,” “may,” “could,” “would,” “will,” “should,” “plan,” “project,” “contemplate,” “anticipate,” or similar statements. Because these statements reflect the current views of Argan, Inc. (“Argan” or the “Company”) concerning future events, these forward-looking statements are subject to risks and uncertainties. Argan’s actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, which are described under the caption “Risk Factors” in Argan’s most recent Form 10-K filed with the Securities and Exchange Commission. Argan undertakes no obligation to update publicly any forward-looking statements contained in this presentation.

Investment Highlights

Argan
Positioned for
Long-Term
Success

- **“Electrification of the economy”** driving demand for power
- **Aging on-demand power generating infrastructure driving refreshment and replacement opportunities**
- **Solidified and diverse \$0.8 billion backlog**
- **Strong safety record**
- **Solid balance sheet:** large cash and net liquidity position, and no debt
- **Disciplined capital allocation:** consistent dividend and share repurchase program

Argan At-A-Glance

Power Industry Services



Building innovative **power** solutions for the transition to low-carbon / zero-carbon fuels: efficient gas-fired power plants, biomass projects, solar energy facilities, wind farms, waste-to-energy facilities

Industrial Field Services & Fabrication



Servicing heavy and light industrial clients, particularly in agriculture, petrochemical, pulp & paper and **power**

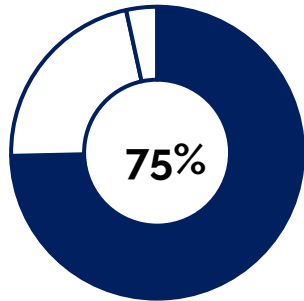
Telecommunications Infrastructure Services



Constructing and connecting technology telecommunications and **power**

Business Segments

Power Industry Services



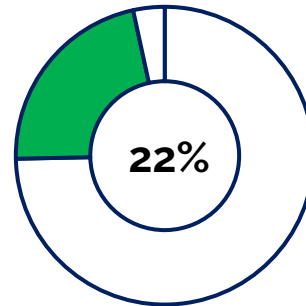
Revenues: \$342M TTM

Income from operations:
\$41M TTM

Growth Drivers:

- Electrification of economy
- Alternative energy generation
- Demand for power dependability
- Replacement of old power plants
- Strategic capital support from governments

Industrial Field Services & Fabrication



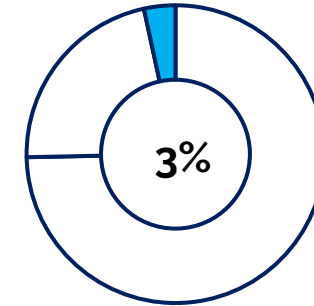
Revenues: \$100M TTM

Income from operations:
\$7.1M TTM

Growth Drivers:

- Alternative, diverse end markets
- Onshoring of industry
- Strengthened backlog
- Growing regional market in Southeast

Telecommunications Infrastructure Services



Revenues: \$15.6M TTM

Loss from operations:
\$(0.7)M TTM

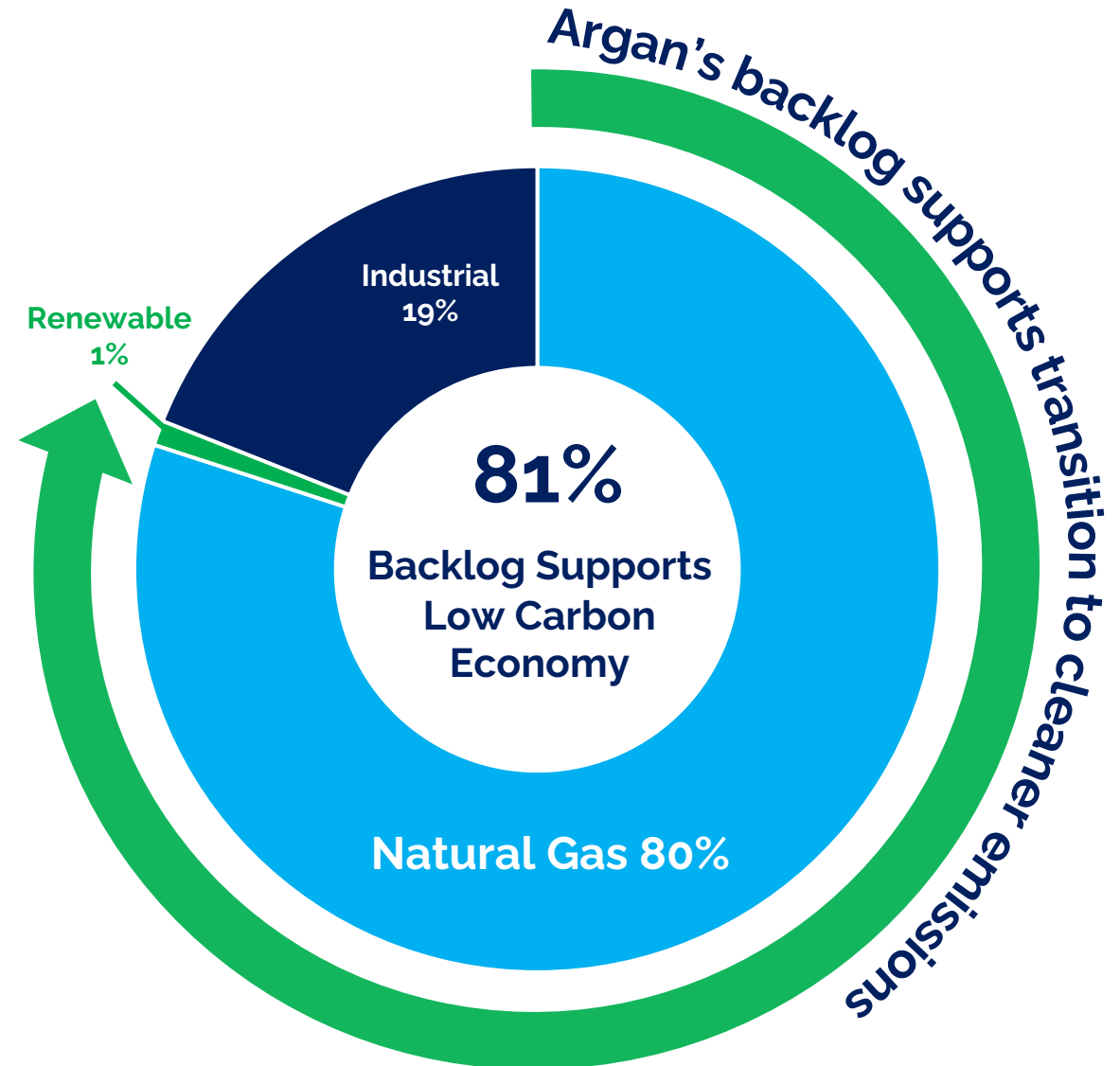
Growth Drivers:

- Increased demand for communications transmissions
- Security cleared personnel
- Expanded business footprint in the mid-Atlantic region of the U.S.

Enabling the Shift to Low-/Zero-Carbon Emissions

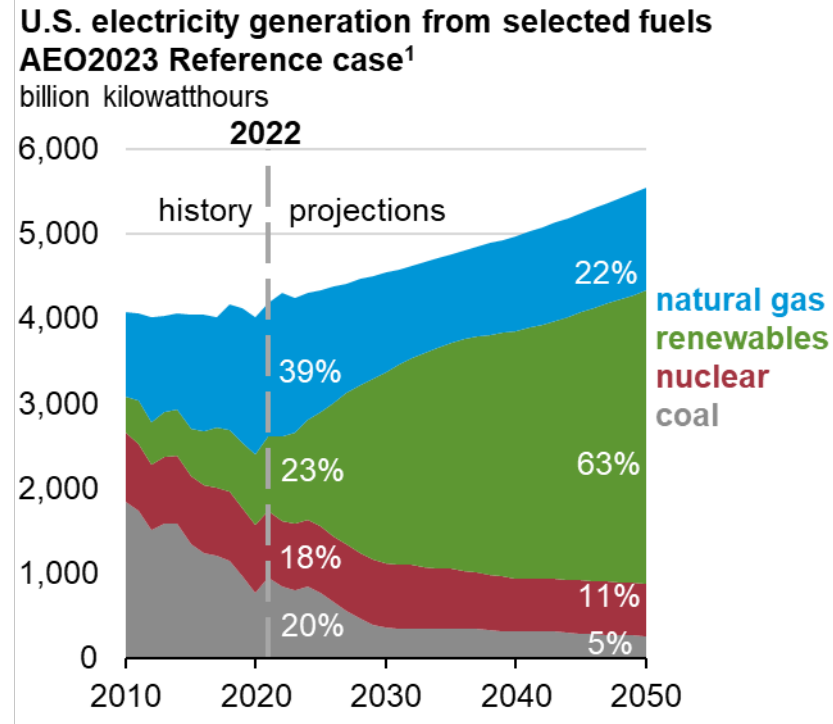
Industry Drivers

- Availability of U.S. natural gas
- Growing renewables and need for storage solutions
- Economy and population dependent on reliable and affordable electricity
- Aging infrastructure
- Technology advancements
- Power market dynamics and capacity auctions
- Green hydrogen and carbon capture
- Aspirational climate goals vs. energy dependability
- Focus on ESG
- Government infrastructure investment



Benefitting From Strong Industry Tailwinds

Well-Positioned in Two Major Segments of the Energy Market: **Natural Gas** & **Renewables**



Global Trends:

- **Power consumption is expected to triple by 2050** as electrification and living standards grow²
- **Natural gas demand is projected to grow by 10%** in the next decade²
- **Renewables are expected to account for 50%** of the power mix by 2030 and 85% by 2050²

Argan's U.S. market is projected to grow 74% without taking into consideration the need to replace or repower existing, old gas-fired power plants and renewable power facilities

¹ Source: The US Energy Information Administration Annual Energy Outlook for 2023.

² Source: McKinsey Energy Insights Global Energy Perspective 2022

Industry Outlook – Energy Permitting Reforms

Recently signed U.S. debt ceiling bill includes provisions to streamline energy infrastructure permitting

Proposal:

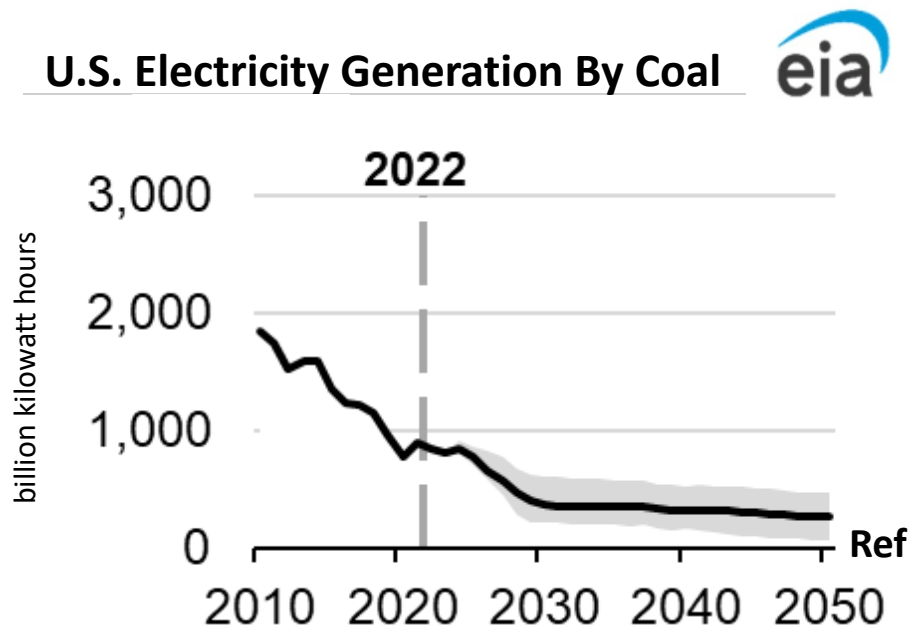
- **National Energy Policy Act (NEPA) studies to be limited to 2 years**
 - The current median amount of time to complete the NEPA process is **4.5 years**¹
- **Policies will benefit both traditional fossil fuel developments and clean energy developments**
- **Electric grid transmission likely to be addressed in forthcoming legislation**

All providing tailwinds for Argan, Inc.

¹ Source: Executive Office of the President Council on Environmental Quality, Environmental Impact Statement Timelines 2020

U.S. Industry Outlook – Coal Retirement

Coal-fired power generation is anticipated to **decline 70%** from 2022 through 2050, and is expected to **represent only 5%** of the net electricity generation mix¹



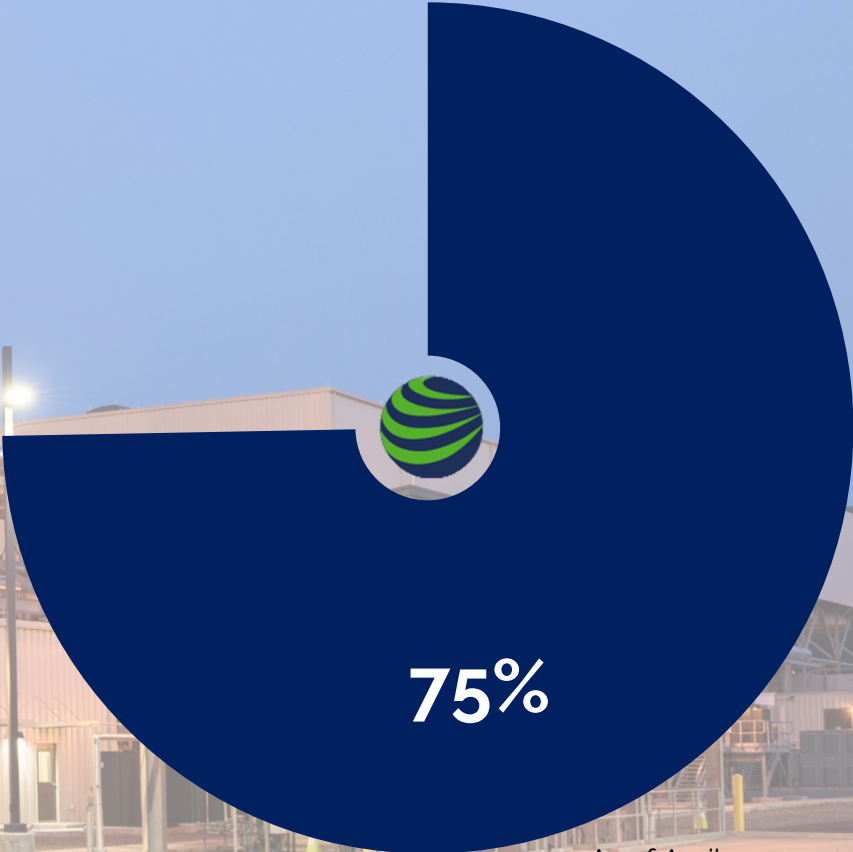
Shaded regions represent maximum and minimum values for each projection year across the AEO2023 Reference case and side cases

Considerable coal retirement is forthcoming to achieve carbon neutral status in the U.S.

Argan is primed to deploy power industry services required to repurpose or replace coal-fired power plants with renewable or gas-fired power generating assets

¹ Source: US Energy Information Administration, Annual Energy Outlook 2023.

Power Industry Services





Project Spotlight: 100 MW Maple Hill Solar Facility Pennsylvania, USA

- Maple Hill will be one of the largest solar-powered energy plants in Pennsylvania
- 100 MW solar facility consisting of 235,000 modules
- Solar panels will be capable of single axis sun tracking
- Facility will displace the release of over 100,000 tons of CO₂ into the atmosphere per year by displacing older, less efficient coal generation

Argan is committed to providing EPC services to customers in the renewable energy space

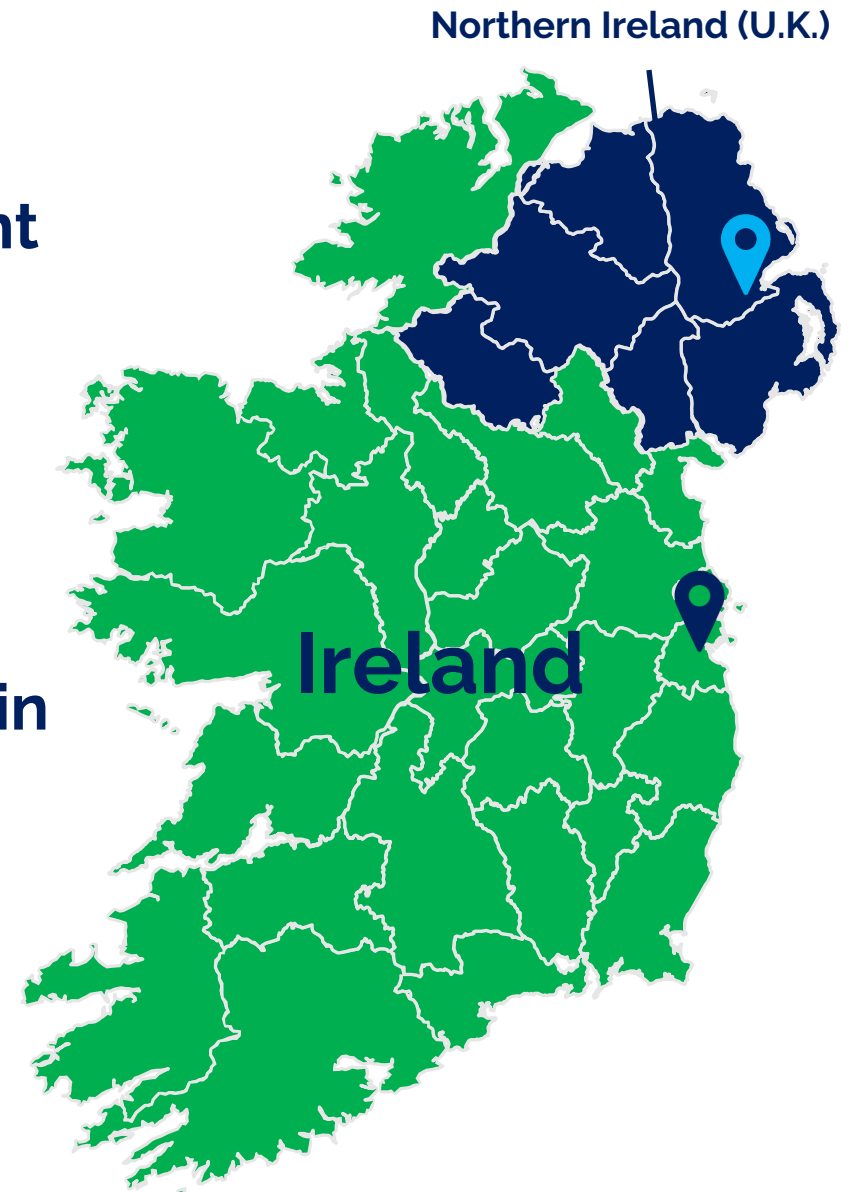
Growing Presence Internationally

660 MW EPUKI Belfast Natural Gas Power Plant

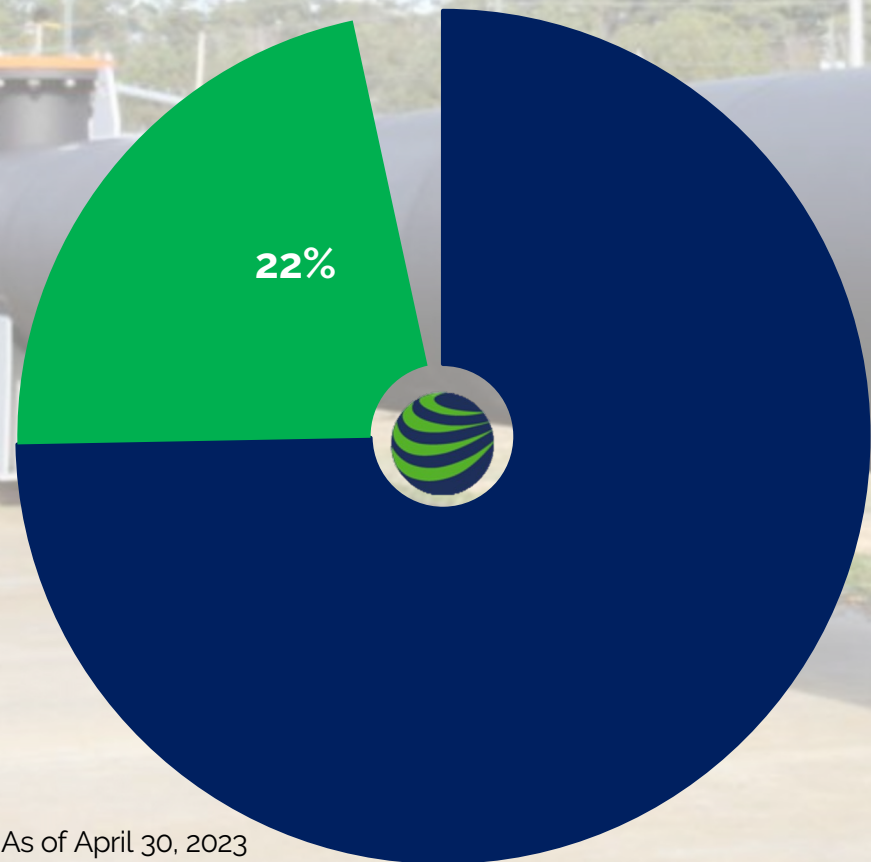
- Largest natural gas-fired power plant in Northern Ireland
- The construction of this plant will contribute to the air quality of the region by enabling the shutdown of a coal-fired power plant facility while simultaneously enhancing power reliability

195 MW ESB Power Plants in and around Dublin

- Three separate power plants, each using 65 MW aero-derivative gas turbine flexible generation
- The plants will play a key role in maintaining the long-term stability of the electricity system in Ireland as well as facilitating increasing levels of intermittent renewables in line with ESB's Net Zero by 2040 strategy



Industrial Field Services & Fabrication



Driving Sustained Success of Industrial Services Segment



- Diversified heavy industrial contractor in U.S.
- Custom industrial pipe and vessel fabrication in 90,000 sq. ft. ASME code production facility
- Full-service turnkey construction services
- Expertise in emergency and scheduled plant turnarounds
- Industries served include power, pulp & paper, petrochemical, pharmaceutical, fertilizer, and other heavy industrial customers

Project Spotlight:

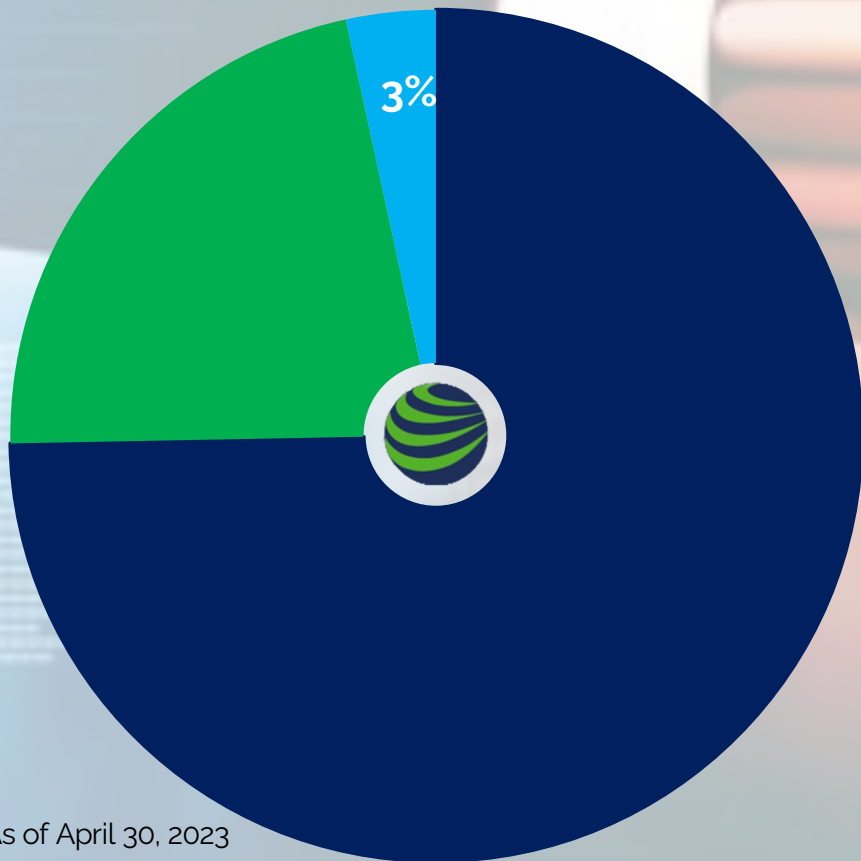
Wastewater Pre-Treatment Facility North Carolina, USA



- Lump sum contract including 90 workers at 50 working hours a week
- TRC managing engineering, procurement, and construction
- Crucial facility responsible for treatment and discharge of high-strength pharmaceutical industrial process wastewater to the county municipal facility

Best-in-industry standards elevate The Roberts Company among peers. Increase in awarded projects supports Argan's diverse and strong \$0.8B backlog

Telecommunications Infrastructure Services



Comprehensive Technology Cabling and Utility Construction Solutions in Mid-Atlantic Region



Services include:

- Trenchless directional boring
- Installation of buried lines
- Structural cabling
- Termination and connectivity for high-speed data, voice and security networks

Repeatable revenues:

- Substantial portion pursuant to work orders under master agreements

Acquisition in Fiscal 2022 expanded footprint in Virginia

Positioned for growth with increasing need for dependable telecommunications and power infrastructure

Environmental, Social, and Governance

Champion of **equity, fairness and accessibility** inside and outside the company

Committed to the **development of local personnel** across our operations

81% of backlog represents **low-carbon / zero-carbon projects**

Invested over \$6 million in **solar energy projects** over last three years

More than 11% power revenue comes from **renewable projects** on average past three years

Established an ESG committee of the Board driving ESG priorities

Over 90% Shareholder approval rate of executive compensation on average past three years

70% Board independence

Innovate and invest in technology as we pursue **industry leadership in safety:**

OSHA reportable incident rates	
2022	0.60
2021	0.48
2020	0.55

FINANCIAL REVIEW



Summary Income Statement

(\$ in thousands, except per share amounts)

	FY 2023	FY 2022	FY 2021
For the Fiscal Years Ended:			
Revenues	\$ 455	\$ 509	\$ 392
Gross Profit	86	100	62
Gross margin %	19%	19.6%	15.8%
Net Income	\$ 33	\$ 38	\$ 24
Diluted per share	2.33	2.40	1.51
EBITDA	48	54	29.5
EBITDA%	10.5%	10.6%	7.5%

Summary Income Statement: First Quarter Fiscal 2024

(\$ in thousands, except per share amounts)

	Three Months Ended April 30,	
	2023	2022
Revenues	\$104	\$100
Gross Profit	\$14	\$20
Gross margin %	13.7%	19.7%
Net Income	\$2	\$7
Diluted per share	\$0.16	\$0.50
EBITDA	\$4	\$11
EBITDA %	3.8%	11%

- Q1 2024 revenues increased slightly, reflecting the substantial completion of **Guernsey Power Station**
- **\$0.8 billion backlog** remained consistent and is **comprised of diverse projects**
 - Ongoing gas-fired and renewable projects are expected to provide a **solid base for future revenue growth**
- Margin performance in Q1 2024 moderated primarily due to project mix

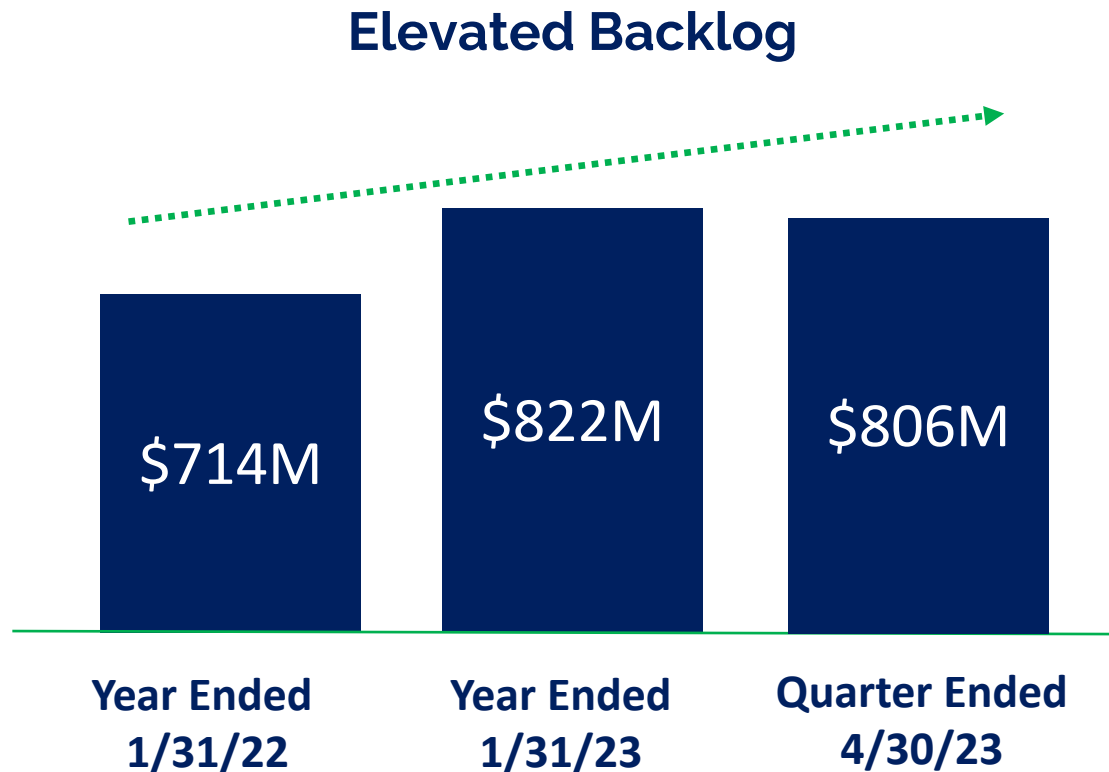
Balance Sheet Strength

Balance Sheet Data	April 30, 2023
Cash, cash equivalents, short-term investments and available-for-sale securities	\$317 M
Net liquidity ¹ (working capital)	\$233 M
Debt	Nil
Shareholders' equity	\$278M
Shares outstanding	13,414,000

¹ Total current assets minus total current liabilities

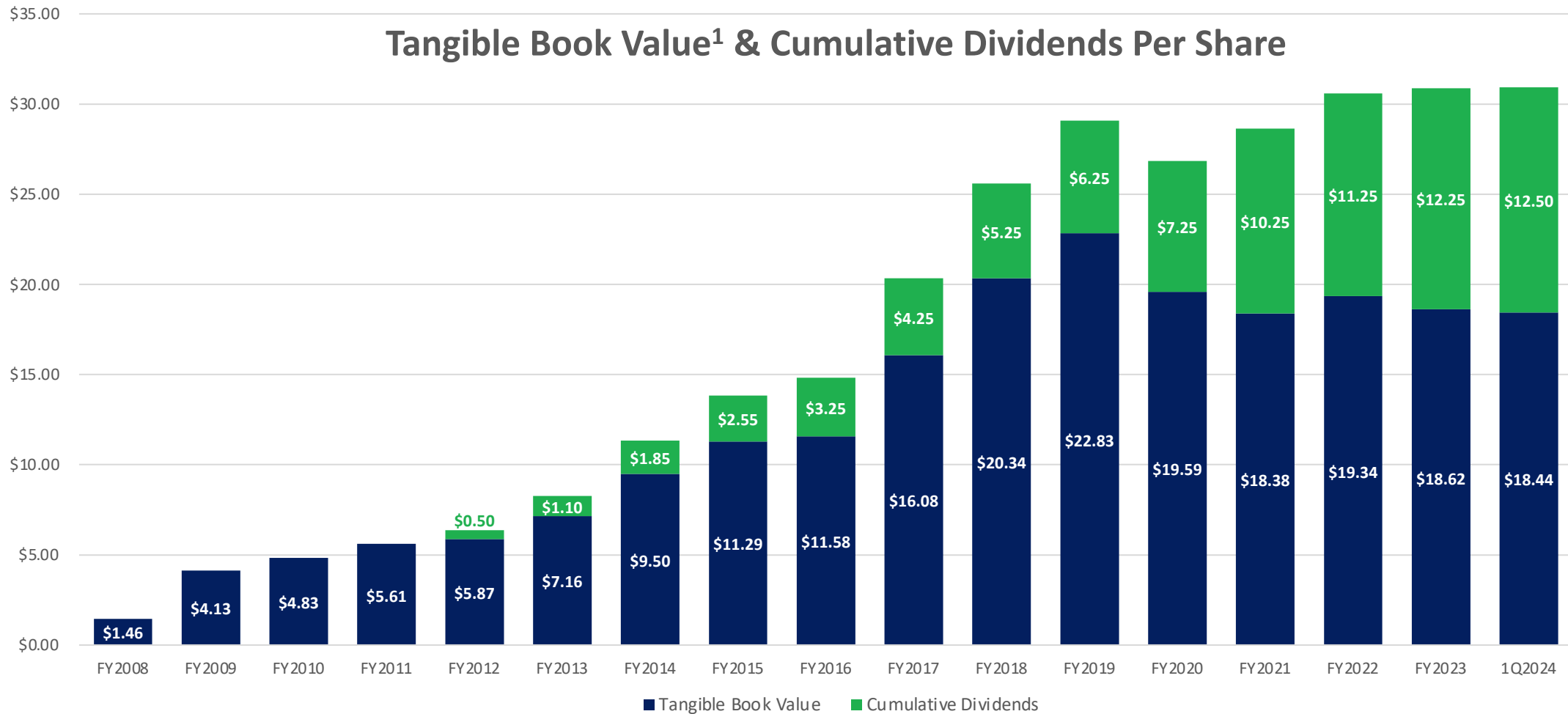
Strong cash position, no debt and significant bonding capacity to support future growth and shareholder value

Healthy Momentum Across Business



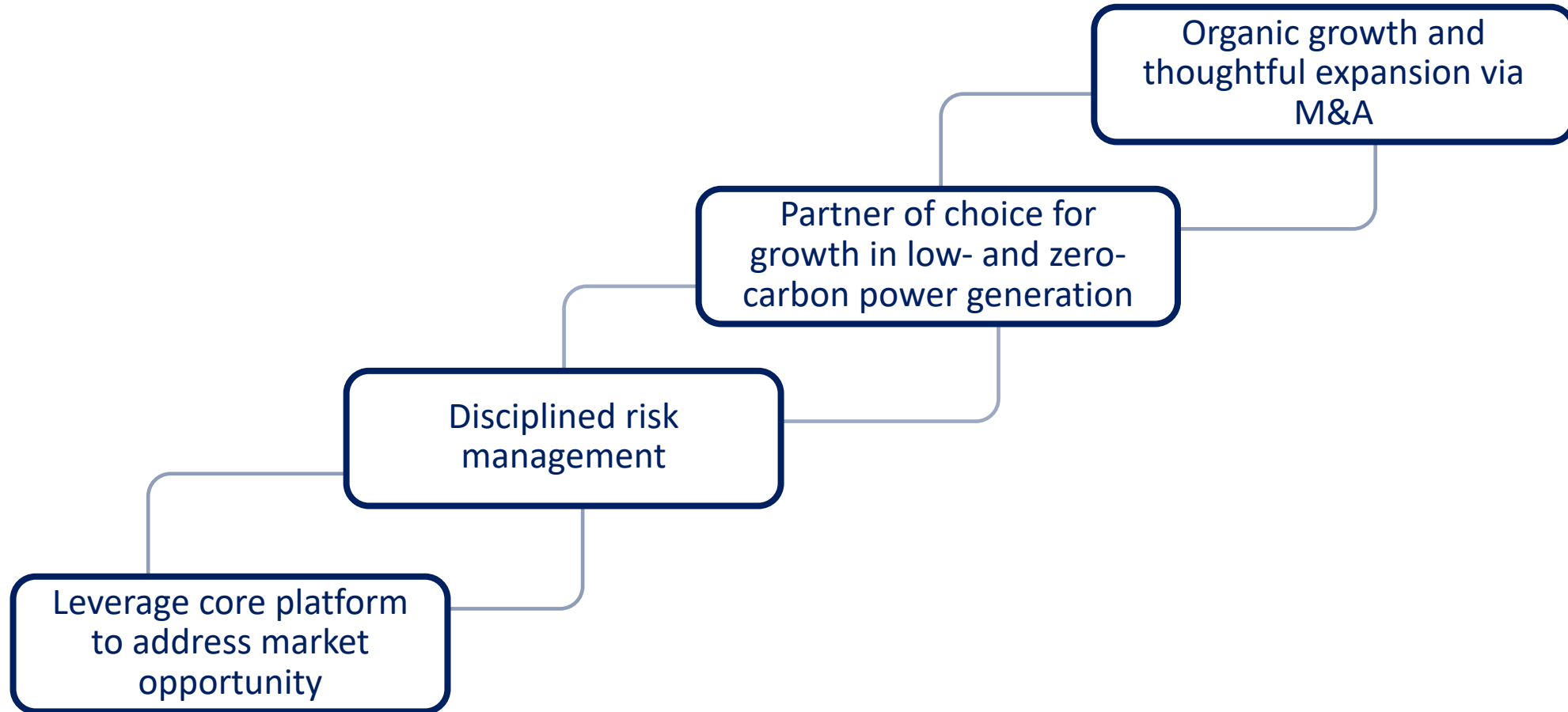
- Strengthened backlog across business
- Backlog exceeding \$0.8 billion for two consecutive quarters
- Increased expected revenue from multiple global projects – full notices to proceed forthcoming
- Margins remain a focus and historical strength
- Global energy transition resulting in a stronger and diversified pipeline of opportunities

Long-Term Value Creation



¹ Tangible book value = (total stockholders' equity – goodwill – other intangible assets)/shares outstanding

Long-Term Growth Strategy





APPENDIX

Reconciliation of Consolidated Net Income to EBITDA

(\$ in thousands)

	Three Months Ended April 30,		For The Fiscal Years Ended January 31,		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net income (loss), as reported	\$ 2,109	\$ 7485	\$ 34,704	\$ 35,706	\$ 28,811
Income tax (benefit) expense	895	2273	11,296	11,356	6,571
Depreciation	547	809	2,983	3,367	3,715
Amortization of purchased intangible assets	98	166	732	870	904
EBITDA	3,649	10,733	49,715	51,299	29,504