



Third Quarter Fiscal 2024 Results



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.

Argan Positioned for Long- Term Success

Q3 2024 Highlights

- Power Industry Services **revenues increased 33.8%** year over year
- Industrial Construction Services **revenues increased 73.6%** year over year
- Argan posted a profitable quarter with **earnings per diluted share of \$0.40**
- **Healthy backlog of over \$0.7 billion** with multiple new gas projects expected in fiscal 2025
- **Solid balance sheet:** large cash and net liquidity position, and no debt
- **Repurchased 42,653 shares of common stock** at a cost of \$1.7 million
- **Quarterly dividend increased 20%** to \$0.30 per common share

Argan At-A-Glance

Power Industry Services (74%)



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

Industrial Construction Services (23.5%)



Servicing heavy and light industrial clients, particularly in new industries as well as agriculture, petrochemical, pulp & paper, water and **power**

Telecommunications Infrastructure Services (2.5%)



Constructing and connecting technology, telecommunications and **power**

Project Update:

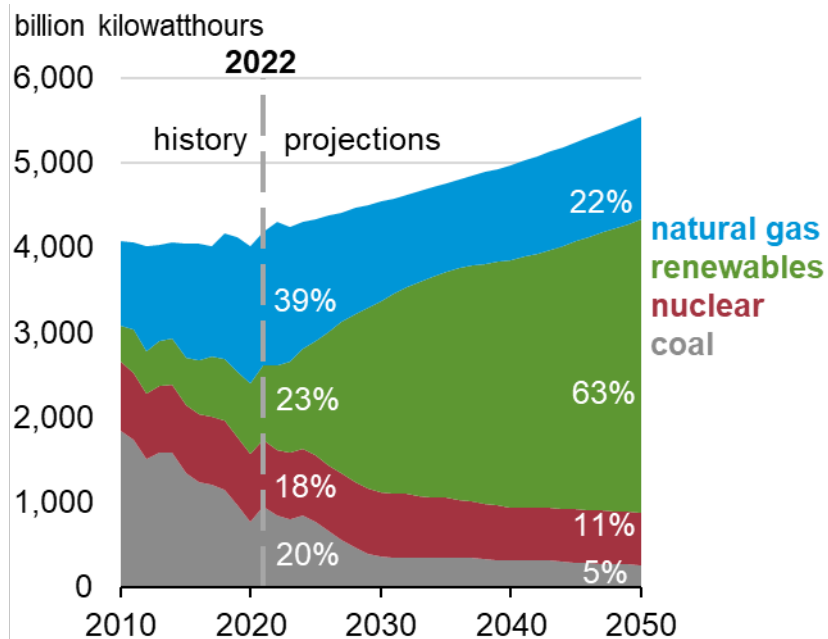
Kilroot Power Station, County Antrim, Northern Ireland

- 660 MW gas-fired power plant project in Belfast, Ireland; brownfield project in a structure first built in the 1980s to house coal-fired power generation assets
 - Approximately 95% complete with design and construction and currently commissioning the facility
 - Project has encountered operational and contractual challenges throughout fiscal 2024, including supply chain delays, material changes to the project, the COVID-19 omicron outbreak, the war in Ukraine and extreme weather
 - Unresolved variances, claims and project-related matters have disrupted execution and have meaningfully impacted the contract, our costs, and the project schedule
 - Third quarter estimated cost escalation resulted in a pre-tax loss of approximately \$10.7 million related to the expectation that costs will exceed projected revenues and the unfavorable adjustment of estimated gross profit amount recognized in prior periods
- APC is continuing all efforts to resolve open variations and claims to mitigate these losses and to complete the project in early 2024

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

Benefitting From Strong Industry Tailwinds

U.S. electricity generation from selected fuels:
AEO2023 Reference case¹



Global Trends:

- **Investments in the energy sector are expected to grow up to 120%** by 2040 as consumer demand grows²
- **Natural gas demand is projected to grow up to 12%** in the next decade²
- **Coal-fired power generation anticipated to decline 70%** from 2022-2050 to represent only 5% of net electricity generation mix¹
- **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 2023.

Project Spotlight: Vistra Energy, Illinois, U.S.



- Gemma continues to grow its position as an industry leading EPC provider
- Teams are progressing on recently received limited notices to proceed on 3 solar and battery storage projects
- The converted plants will represent 160 MW of electrical power and 22 MW of energy storage
- Gemma has commenced early engineering and design activities as well as procurement of major equipment

Argan is primed to deploy power industry services as it executes an “all-of-the-above” approach in pursuing the construction of facilities that support the ongoing energy transition

Project Spotlight:

Shannonbridge Power Project, County Offaly, Ireland

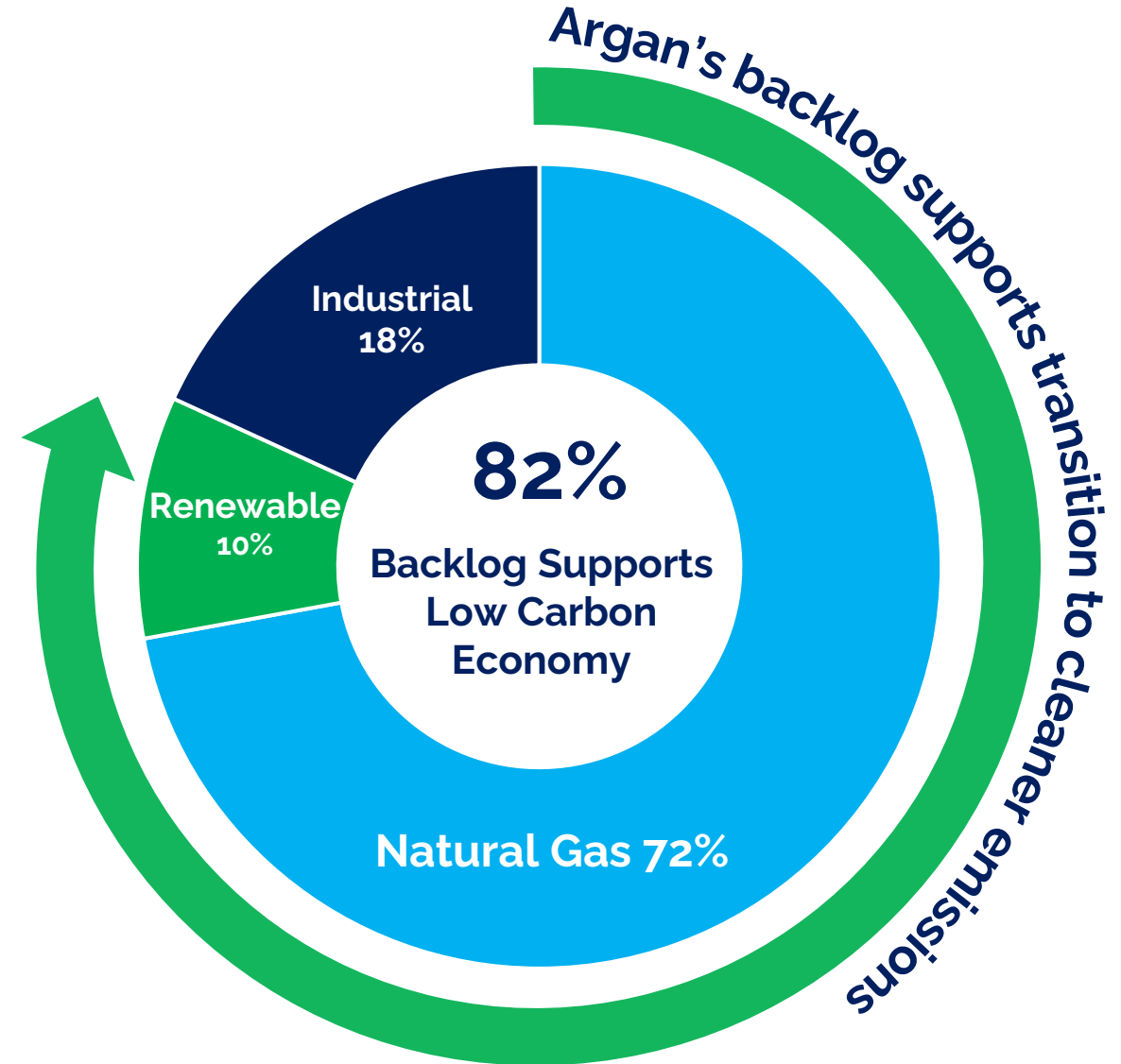


- APC is successfully performing an EPC services contract for GE Vernova to build the Shannonbridge Power Project
- The 264 MW thermal power plant will feature eight **turbine units** to enhance the region's power infrastructure and to ensure a reliable electricity supply during critical situations and emergencies
- Together, APC and Gemma are overseeing the entire project lifecycle, including design, procurement, construction and commissioning

Enabling the Shift to Low-/Zero-Carbon Emissions

Industry Drivers

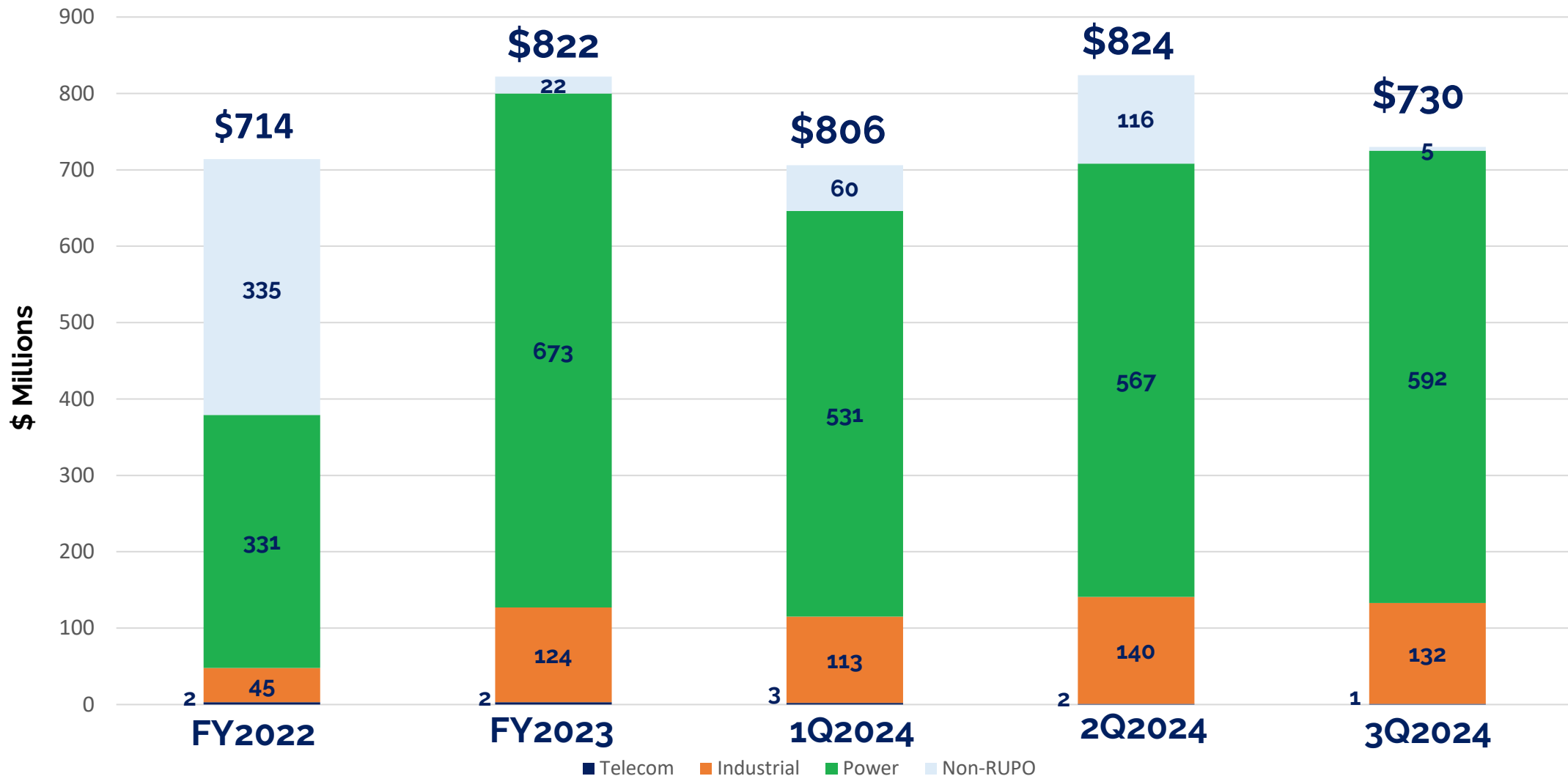
- Availability of U.S. natural gas
- Growing renewables & need for storage solutions
- Economy and population dependent on reliable and affordable electricity
- Aging infrastructure
- Technology advancements
- Power market dynamics and capacity auctions
- Green hydrogen and carbon capture
- Aspirational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



Consolidated Financial Results

	Three Months Ended October 31,		Nine Months Ended October 31,	
(\$ in millions, except per share amounts)	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues	\$164	\$118	\$409	\$ 336
Gross Profit	\$19	\$22	\$57	\$66
Gross margin %	11.7%	18.8%	14.0%	19.7%
SG&A	\$11	\$13	\$32	\$34
Net Income	\$5	\$8	\$20	\$19
Diluted per share	\$0.40	\$0.56	\$1.50	\$1.36
EBITDA	\$12	\$11	\$34	\$37
Cash dividend per share	\$0.30	\$0.25	\$0.80	\$0.75

Healthy Project Backlog



- Remaining Unsatisfied Performance Obligations ("RUPO") is a measure that represents the unrecognized value of active contracts with customers as determined under the revenue recognition rules of U.S. GAAP
- Project backlog as of October 31, 2023, is fully committed by customers and actively being worked on today

Strong Backlog Composition

Business Segment	Project	Description	Location	Size	Project Start	Estimated Completion
Power Industry Services	Trumbull Energy Center	<ul style="list-style-type: none"> Natural gas-fired combined cycle power station 2 gas-fired turbines with heat recovery steam generators and one steam turbine 	Ohio	950 MW	Nov 2022	2026
	Guernsey Power Station	<ul style="list-style-type: none"> Largest, single-phase, gas-fired, power plant construction project in the U.S. Natural gas-fired combined cycle power station using three GE 7HA.02 combustion turbines / trains Achieved substantial facility completion during Q1 2024 	Ohio	1,875 MW	Sept 2019	2023
	Maple Hill Solar Facility	<ul style="list-style-type: none"> Solar facility consisting of 235,000 modules Solar panels capable of single axis sun tracking Achieved substantial completion during Q4 2024 	Pennsylvania	100 MW	May 2021	2023
	Kilroot Power Station	<ul style="list-style-type: none"> 2 x 330 MW natural gas-fired power plant Siemens 5GT5-4000F gas turbines 	Northern Ireland	660 MW	Oct 2021	2024
	ESB FlexGen Peaker Plants	<ul style="list-style-type: none"> Three 65 MW gas turbine peaker power plants in the Dublin area 	Ireland	195 MW	June 2022	2024
	Vistra Energy	<ul style="list-style-type: none"> Limited notice to proceed on three solar plus battery power projects 	Illinois	160 MW Solar 22 MW Battery	2023	Not disclosed
	Shannonbridge	<ul style="list-style-type: none"> Full notice to proceed on emergency thermal power plant 	Ireland	264 MW	2023	2024
Industrial Construction Services	Water Waste Treatment Facility	<ul style="list-style-type: none"> TRC to complete the mechanical and electrical scope for the plant 	North Carolina	\$40 million	Summer 2023	2025
	Water Treatment Plant	<ul style="list-style-type: none"> TRC to complete the electrical scope of work 	North Carolina	\$25 million	May 2023	2025

Balance Sheet Strength

Balance Sheet Data	October 31, 2023	January 31, 2023
Cash, cash equivalents, and investments	\$398 M	\$325 M
Net liquidity ¹ (working capital)	\$240 M	\$236 M
Debt	Nil	Nil
Shareholders' equity	\$ 285M	\$281 M
Shares outstanding	13,333,000	13,442,000

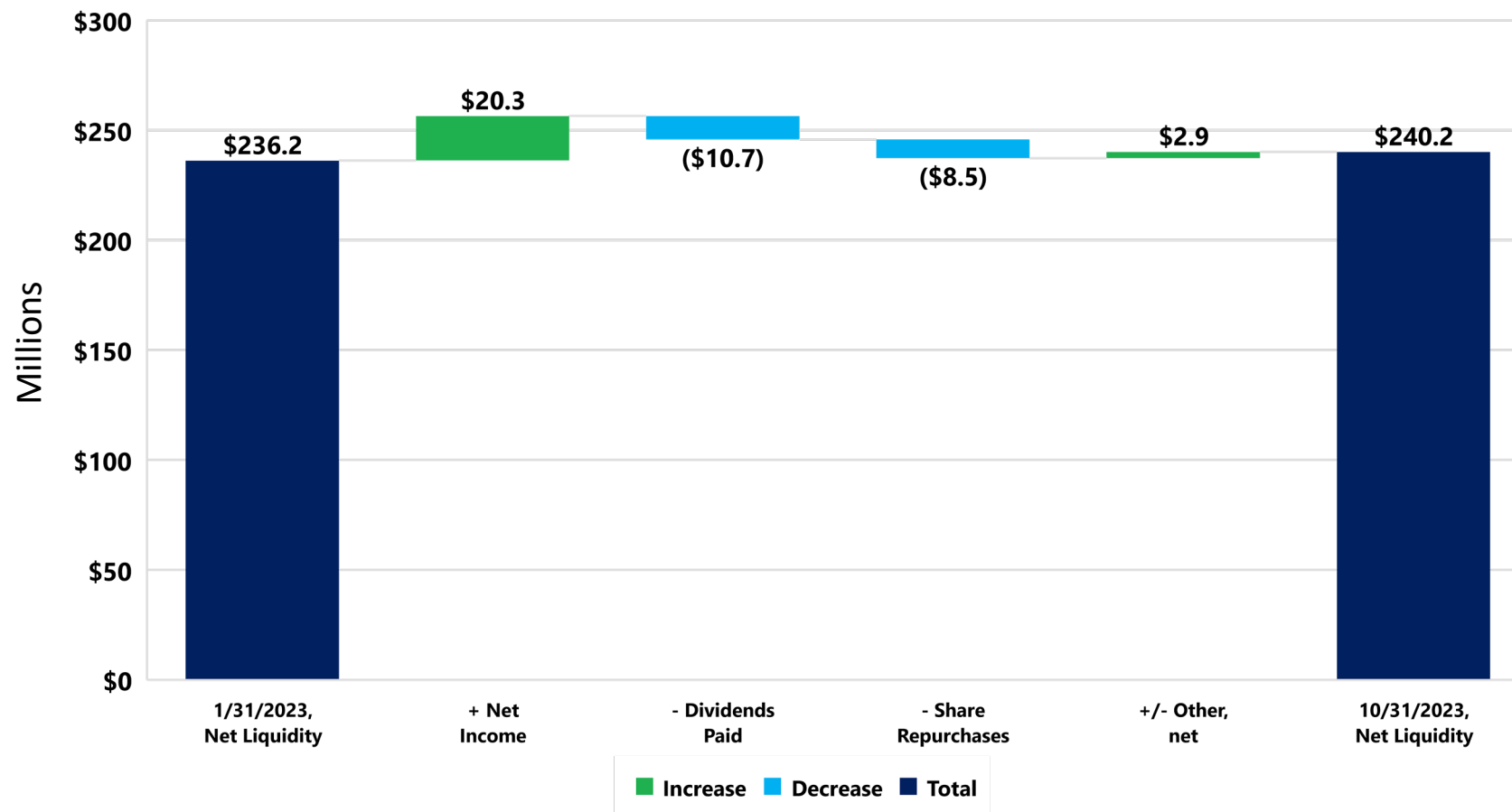
¹ Total current assets minus total current liabilities

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

Fiscal 2024 YTD Net Liquidity Bridge

Given the variability of our cash balance due to prepayments and the cash flow cycle of our long-term projects, we believe net liquidity provides a conservative measure of unencumbered liquid capital; we have no debt.

Flexible business model with minimal capital expenditures



Returning Capital

In Q3 Argan increased the quarterly dividend by 20% to \$0.30 per share reflecting the strength of the business and Company's commitment to returning value to shareholders

Since November 2021, Argan has **returned** a total of

\$97.0 million

to shareholders through our share repurchase program in addition to our regular quarterly dividends

To date, Argan has **repurchased**

2.6 million shares

at an average price of \$37.38, approximately 16% of the outstanding shares at the start of the repurchase program

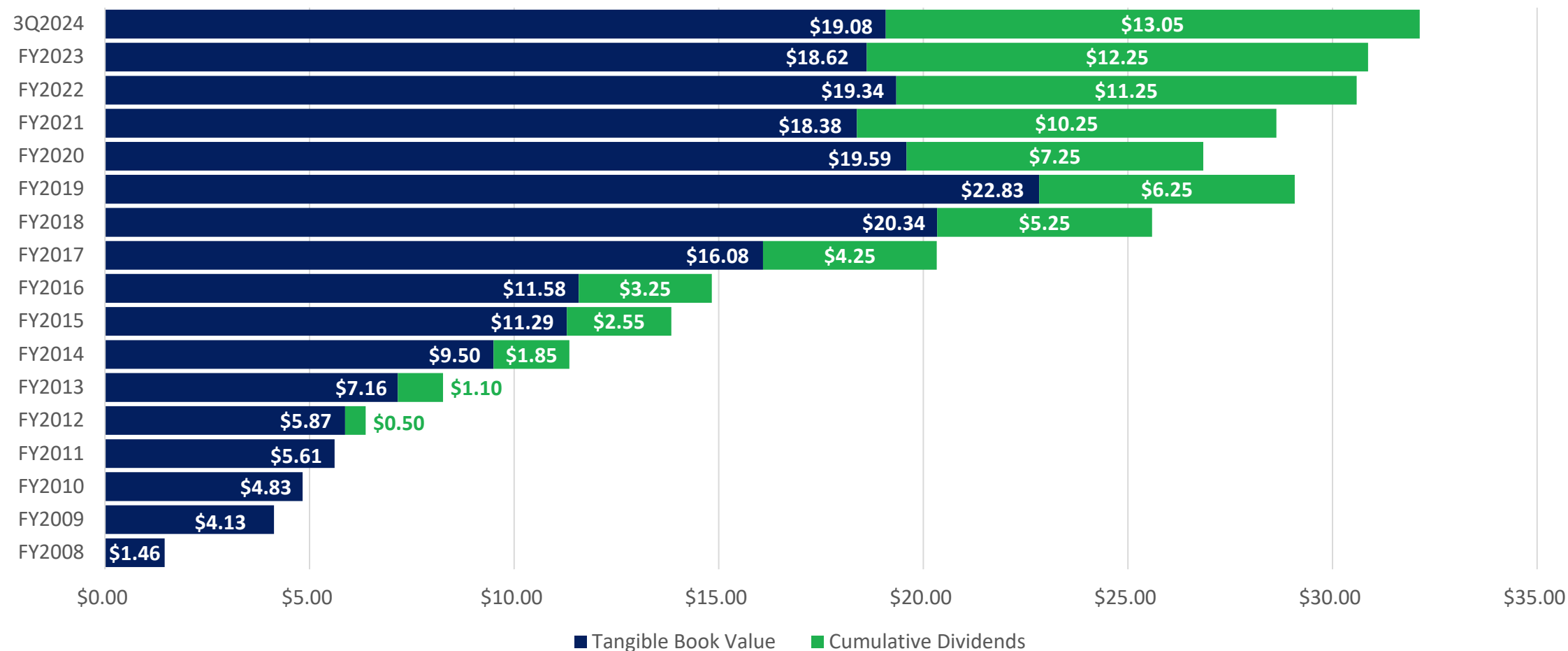
Since Fiscal 2017, Argan has **paid** \$1.00 per share annually through regular quarterly cash dividends.

\$1.20 per share annually

is the current run rate based on the increased dividend.

Long-Term Value Creation

Tangible Book Value¹ & Cumulative Dividends Per Share

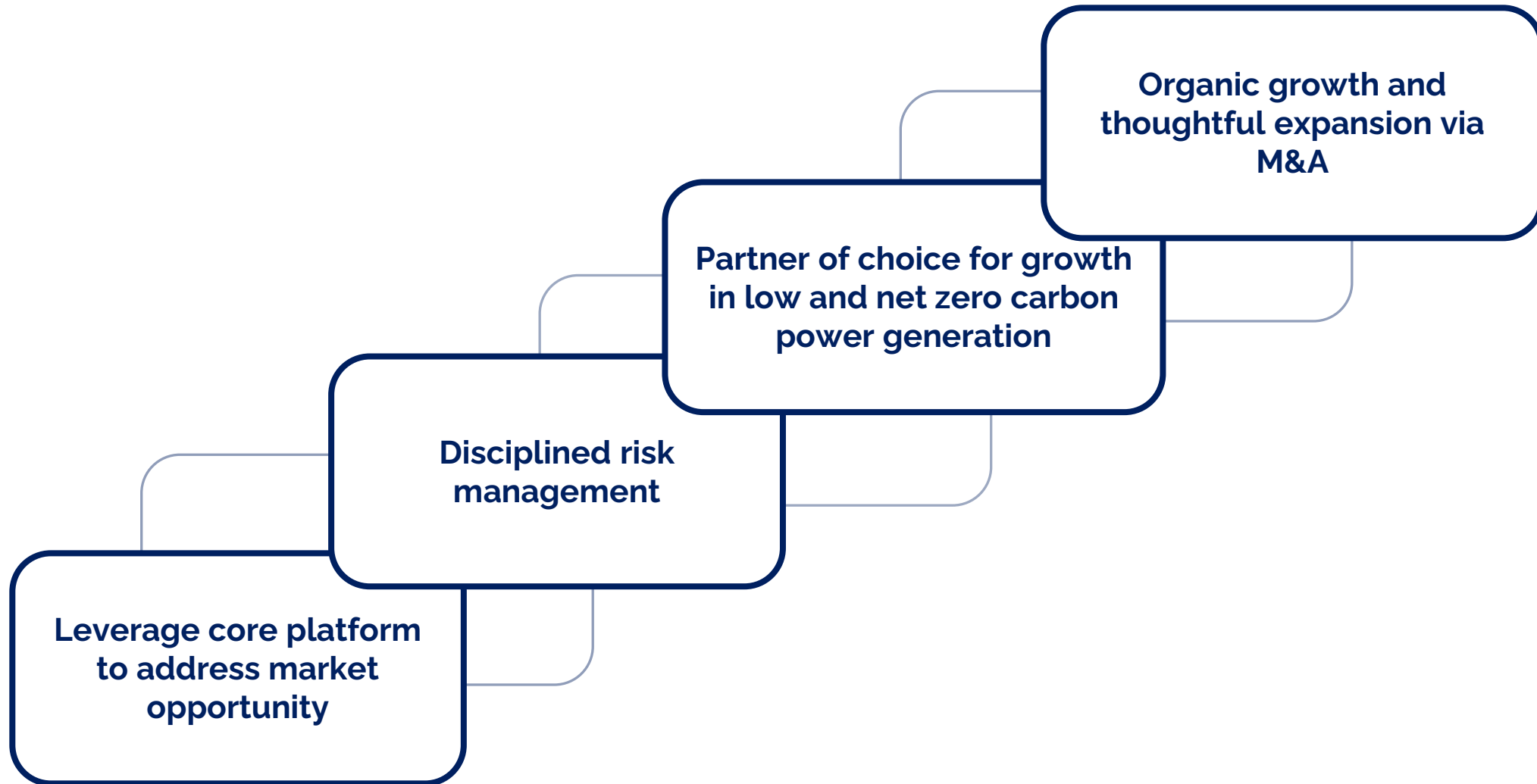


¹ Tangible book value = (total stockholders' equity – goodwill – other intangible assets)/shares outstanding

Momentum Across Business

- **Strong & diversified backlog** across business
 - APC received full notice to proceed on the Shannonbridge project
 - Gemma received limited notices to proceed on Vistra solar and battery projects; full notices to proceed expected in Q4
 - Gemma gas projects anticipated in fiscal 2025
- 3Q 2024 **cash position increased meaningfully**
- Global energy transition resulting in **diverse pipeline of opportunities**
- Working hard to **mitigate risks** and finalize Kilroot Power Station in early 2024
 - Execution remains solid on all other projects with a clear path to **closing out Guernsey Power Station and Maple Hill Solar Facility in Q4**
- Argan remains confident in its strategy to **promote long-term shareholder value** through the diversification of revenues

Long-Term Growth Strategy



Q & A





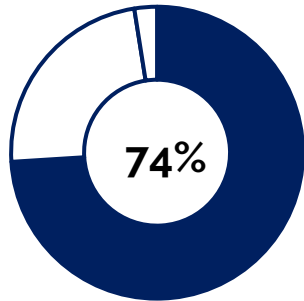
APPENDIX

Reconciliation of Consolidated Net Income to EBITDA

(\$ in thousands)	Three Months Ended October 31,		Nine Months Ended October 31,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income, as reported	\$ 5,464	\$ 7,758	\$ 20,340	\$ 19,465
Income tax expense	6,129	2,551	11,616	14,510
Depreciation	489	740	1,524	2,296
Amortization of purchased intangible assets	98	212	294	611
EBITDA	\$12,180	\$11,261	\$33,774	\$36,882

Business Segments

Power Industry Services



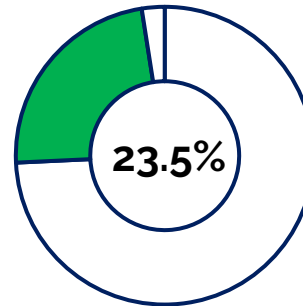
Revenues: \$121M

Pre-Tax Income:
\$11M

Growth Drivers:

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

Industrial Construction Services



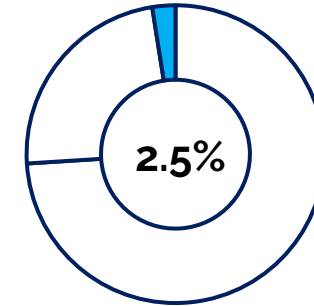
Revenues: \$38M

Pre-Tax Income:
\$3M

Growth Drivers:

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

Telecommunications Infrastructure Services



Revenues: \$4M

Pre-Tax Income:
\$0.6M

Growth Drivers:

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