
**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 December 31, 2024
- or
- Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____
Commission File No. 1-15461
-

MATRIX SERVICE COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

73-1352174
(I.R.S. Employer Identification No.)

15 East 5th Street, Suite 1100, Tulsa, Oklahoma 74103
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (918) 838-8822

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	MTRX	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

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

As of February 5, 2025 there were 27,606,852 shares of the Company's common stock, \$0.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****Matrix Service Company**
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Revenue	\$ 187,169	\$ 175,042	\$ 352,748	\$ 372,701
Cost of revenue	176,277	164,453	334,043	350,253
Gross profit	10,892	10,589	18,705	22,448
Selling, general and administrative expenses	17,286	15,731	35,866	32,844
Operating loss	(6,394)	(5,142)	(17,161)	(10,396)
Other income (expense):				
Interest expense	(145)	(319)	(234)	(644)
Interest income	1,578	162	3,150	312
Other (Note 3)	(556)	2,454	(495)	4,716
Loss before income tax expense	(5,517)	(2,845)	(14,740)	(6,012)
Provision for federal, state and foreign income taxes	16	6	16	6
Net loss	\$ (5,533)	\$ (2,851)	\$ (14,756)	\$ (6,018)
Basic loss per common share	\$ (0.20)	\$ (0.10)	\$ (0.53)	\$ (0.22)
Diluted loss per common share	\$ (0.20)	\$ (0.10)	\$ (0.53)	\$ (0.22)
Weighted average common shares outstanding:				
Basic	27,801	27,377	27,680	27,314
Diluted	27,801	27,377	27,680	27,314

See accompanying notes.

Matrix Service Company
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net loss	\$ (5,533)	\$ (2,851)	\$ (14,756)	\$ (6,018)
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	(1,363)	562	(927)	24
Comprehensive loss	\$ (6,896)	\$ (2,289)	\$ (15,683)	\$ (5,994)

See accompanying notes.

Matrix Service Company
Condensed Consolidated Balance Sheets
(In thousands)
(unaudited)

	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 156,777	\$ 115,615
Accounts receivable, net of allowance for credit losses	134,726	138,987
Costs and estimated earnings in excess of billings on uncompleted contracts	34,711	33,893
Inventories	7,157	8,839
Income taxes receivable	179	180
Prepaid expenses and other current assets	10,372	4,077
Total current assets	<u>343,922</u>	<u>301,591</u>
Restricted cash	25,000	25,000
Property, plant and equipment, net	41,392	43,498
Operating lease right-of-use assets	18,160	19,150
Goodwill	28,883	29,023
Other intangible assets, net of accumulated amortization	1,103	1,651
Other assets, non-current (Note 2)	55,385	31,438
Total assets	<u>\$ 513,845</u>	<u>\$ 451,351</u>

See accompanying notes.

Matrix Service Company
Condensed Consolidated Balance Sheets
(In thousands, except share data)
(unaudited)

	December 31, 2024	June 30, 2024
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 79,976	\$ 65,629
Billings on uncompleted contracts in excess of costs and estimated earnings	237,537	171,308
Accrued wages and benefits	13,288	15,878
Accrued insurance	4,473	4,605
Operating lease liabilities	3,781	3,739
Other accrued expenses	2,044	3,956
Total current liabilities	341,099	265,115
Deferred income taxes	23	25
Operating lease liabilities	18,194	19,156
Other liabilities, non-current	2,595	2,873
Total liabilities	361,911	287,169
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock — \$0.01 par value; 60,000,000 shares authorized; 27,888,217 shares issued at December 31, 2024 and June 30, 2024, respectively; 27,602,825 and 27,308,795 shares outstanding as of December 31, 2024 and June 30, 2024, respectively;	279	279
Additional paid-in capital	145,608	145,580
Retained earnings	19,185	33,941
Accumulated other comprehensive loss	(10,462)	(9,535)
Treasury stock, at cost — 285,392 and 579,422 shares as of December 31, 2024 and June 30, 2024, respectively;	(2,676)	(6,083)
Total stockholders' equity	151,934	164,182
Total liabilities and stockholders' equity	\$ 513,845	\$ 451,351

See accompanying notes.

Matrix Service Company
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Six Months Ended	
	December 31, 2024	December 31, 2023
Operating activities:		
Net loss	\$ (14,756)	\$ (6,018)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	5,025	5,692
Stock-based compensation expense	4,568	3,785
Gain on disposal of property, plant and equipment (Note 3)	(64)	(4,589)
Other	(19)	125
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable, net of allowance for credit losses	(18,930)	(19,752)
Costs and estimated earnings in excess of billings on uncompleted contracts	(818)	4,462
Inventories	1,682	(1,004)
Other assets and liabilities	(6,963)	(1,763)
Accounts payable	14,474	(14,303)
Billings on uncompleted contracts in excess of costs and estimated earnings	66,229	31,837
Accrued expenses	(4,912)	2,257
Net cash provided by operating activities	45,516	729
Investing activities:		
Capital expenditures	(2,859)	(859)
Proceeds from sale of property, plant and equipment (Note 3)	163	2,806
Net cash provided (used) by investing activities	(2,696)	1,947
Financing activities:		
Advances under asset-backed credit facility	—	10,000
Repayments of advances under asset-backed credit facility	—	(20,000)
Proceeds from issuance of common stock under employee stock purchase plan	102	91
Repurchase of common stock for payment of statutory taxes due on equity-based compensation	(1,235)	(456)
Net cash used by financing activities	(1,133)	(10,365)
Effect of exchange rate changes on cash	(525)	37
Net increase (decrease) in cash and cash equivalents	41,162	(7,652)
Cash, cash equivalents and restricted cash, beginning of period	140,615	79,812
Cash, cash equivalents and restricted cash, end of period	\$ 181,777	\$ 72,160
Supplemental disclosure of cash flow information:		
Cash paid (received) during the period for:		
Income taxes	\$ 18	\$ (43)
Interest	\$ 232	\$ 647
Non-cash investing and financing activities:		
Purchases of property, plant and equipment on account	\$ 13	\$ 71

See accompanying notes.

Matrix Service Company
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
September 30, 2024	27,888,217	\$ 279	\$ 143,765	\$ 24,718	\$ (9,099)	338,015	\$ (3,146)	\$ 156,517
Net loss	—	—	—	(5,533)	—	—	—	(5,533)
Other comprehensive income	—	—	—	—	(1,363)	—	—	(1,363)
Issuance of restricted stock	—	—	(428)	—	—	(47,946)	428	—
Treasury shares sold to Employee Stock Purchase Plan	—	—	14	—	—	(4,677)	42	56
Stock-based compensation expense	—	—	2,257	—	—	—	—	2,257
December 31, 2024	27,888,217	\$ 279	\$ 145,608	\$ 19,185	\$ (10,462)	285,392	\$ (2,676)	\$ 151,934
September 30, 2023	27,888,217	\$ 279	\$ 139,773	\$ 55,750	\$ (9,307)	678,379	\$ (7,372)	\$ 179,123
Net loss	—	—	—	(2,851)	—	—	—	(2,851)
Other comprehensive loss	—	—	—	—	562	—	—	562
Issuance of restricted stock	—	—	(1,131)	—	—	(86,783)	1,131	—
Treasury shares sold to Employee Stock Purchase Plan	—	—	(4)	—	—	(3,864)	50	46
Stock-based compensation expense	—	—	2,030	—	—	—	—	2,030
December 31, 2023	27,888,217	\$ 279	\$ 140,668	\$ 52,899	\$ (8,745)	587,732	\$ (6,191)	\$ 178,910
June 30, 2024	27,888,217	\$ 279	\$ 145,580	\$ 33,941	\$ (9,535)	579,422	\$ (6,083)	\$ 164,182
Net loss	—	—	—	(14,756)	—	—	—	(14,756)
Other comprehensive income	—	—	—	—	(927)	—	—	(927)
Issuance of restricted stock	—	—	(4,537)	—	—	(408,406)	4,537	—
Treasury shares sold to Employee Stock Purchase Plan	—	—	(3)	—	—	(9,474)	105	102
Treasury shares purchased to satisfy tax withholding obligations	—	—	—	—	—	123,850	(1,235)	(1,235)
Stock-based compensation expense	—	—	4,568	—	—	—	—	4,568
December 31, 2024	27,888,217	\$ 279	\$ 145,608	\$ 19,185	\$ (10,462)	285,392	\$ (2,676)	\$ 151,934
June 30, 2023	27,888,217	\$ 279	\$ 140,810	\$ 58,917	\$ (8,769)	840,899	\$ (9,753)	\$ 181,484
Net loss	—	—	—	(6,018)	—	—	—	(6,018)
Other comprehensive loss	—	—	—	—	24	—	—	24
Issuance of restricted stock	—	—	(3,868)	—	—	(297,026)	3,868	—
Treasury shares sold to Employee Stock Purchase Plan	—	—	(59)	—	—	(11,465)	150	91
Treasury shares purchased to satisfy tax withholding obligations	—	—	—	—	—	55,324	(456)	(456)
Stock-based compensation expense	—	—	3,785	—	—	—	—	3,785
December 31, 2023	27,888,217	\$ 279	\$ 140,668	\$ 52,899	\$ (8,745)	587,732	\$ (6,191)	\$ 178,910

Matrix Service Company
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements include the accounts of Matrix Service Company and its subsidiaries (“Matrix”, “we”, “our”, “us”, “its” or the “Company”), unless otherwise indicated. Intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission and do not include all information and footnotes required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements. The information furnished reflects all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair statement of the results of operations, cash flows and financial position for the interim periods presented. The accompanying condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2024, included in our Annual Report on Form 10-K. The results of operations for the three and six month periods ended December 31, 2024 may not necessarily be indicative of the results of operations for the full year ending June 30, 2025.

Significant Accounting Policies

Our significant accounting policies are detailed in “Note 1 - Basis of Presentation and Significant Accounting Policies” of our Annual Report on Form 10-K for the year ended June 30, 2024.

Accounting Standards Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which expands disclosures about a public entity’s reportable segments and requires enhanced information about a reportable segment’s expenses, interim segment profit or loss, and how a public entity’s chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. The update will be effective for annual periods beginning after December 15, 2023 (fiscal 2025). Adoption of this ASU will result in additional disclosure, but will not impact the Company’s consolidated financial position, results of operations or cash flows.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands disclosures in an entity’s income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update will be effective for annual periods beginning after December 15, 2024 (fiscal 2026). Adoption of this ASU will result in additional disclosure, but will not impact the Company’s consolidated financial position, results of operations or cash flows.

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, requiring companies to provide more detailed and organized disclosures of their expenses. Disclosures will include disaggregation of expense captions presented on the face of the income statement into specific categories, such as purchases of inventory, employee compensation, and costs related to depreciation and amortization. The new requirements will take effect for annual reporting periods beginning after December 15, 2026 (fiscal 2028) and for interim periods within fiscal years beginning after December 15, 2027 (fiscal 2029), with early adoption permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company’s consolidated financial position, results of operations or cash flows.

Other accounting pronouncements issued but not effective until after December 31, 2024 are not expected to have a material impact on the Company’s consolidated financial position, results of operations, or cash flows.

Note 2 – Revenue

Remaining Performance Obligations

We had \$1.0 billion of remaining performance obligations yet to be satisfied as of December 31, 2024. We expect to recognize \$558.9 million of our remaining performance obligations as revenue within the next twelve months.

Contract Balances

Contract terms with customers include the timing of billing and payments, which usually differs from the timing of revenue recognition. As a result, we carry contract assets and liabilities in our balance sheet. These contract assets and liabilities are calculated on a contract-by-contract basis and are classified as current. We present our contract assets in the balance sheet as Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts ("CIE"). CIE consists of revenue recognized in excess of billings. We present our contract liabilities in the balance sheet as Billings on Uncompleted Contracts in Excess of Costs and Estimated Earnings ("BIE"). BIE consists of billings in excess of revenue recognized. The following table provides information about CIE and BIE:

	December 31, 2024	June 30, 2024	Change
	(In thousands)		
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 34,711	\$ 33,893	\$ 818
Billings on uncompleted contracts in excess of costs and estimated earnings	(237,537)	(171,308)	(66,229)
Net contract liabilities	<u>\$ (202,826)</u>	<u>\$ (137,415)</u>	<u>\$ (65,411)</u>

The difference between the beginning and ending balances of our CIE and BIE primarily results from the timing of revenue recognized relative to the billings on the associated contracts. The amount of revenue recognized during the six months ended December 31, 2024 that was included in the June 30, 2024 BIE balance was \$149.9 million.

Progress billings in accounts receivable at December 31, 2024 and June 30, 2024 included retentions to be collected within one year of \$12.9 million and \$11.6 million, respectively. Contract retentions collectible beyond one year are included in Other assets, non-current in the Condensed Consolidated Balance Sheets and totaled \$51.9 million as of December 31, 2024 and \$28.6 million as of June 30, 2024, respectively.

Unpriced Change Orders and Claims

Costs and estimated earnings in excess of billings on uncompleted contracts included revenues for unpriced change orders and claims of \$8.4 million at December 31, 2024 and \$9.9 million at June 30, 2024. The amounts ultimately realized may be different than the recorded amounts resulting in adjustments to future earnings. Generally, we expect collection of amounts related to unpriced change orders and claims within twelve months. However, customers may not pay these amounts until final resolution of related claims, and therefore collection of these amounts may extend beyond one year.

Disaggregated Revenue

Revenue disaggregated by reportable segment is presented in Note 8 - Segment Information. The following series of tables presents revenue disaggregated by geographic area where the work was performed and by contract type:

Geographic Disaggregation:

	Three Months Ended		Six Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(In thousands)			
United States	\$ 175,489	\$ 156,409	\$ 328,711	\$ 333,959
Canada	10,048	14,548	20,816	31,421
Other international	1,632	4,085	3,221	7,321
Total Revenue	<u>\$ 187,169</u>	<u>\$ 175,042</u>	<u>\$ 352,748</u>	<u>\$ 372,701</u>

Contract Type Disaggregation:

	Three Months Ended		Six Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(In thousands)			
Fixed-price contracts	\$ 137,950	\$ 97,711	\$ 261,719	\$ 214,468
Time and materials and other cost reimbursable contracts	49,219	77,331	91,029	158,233
Total Revenue	<u>\$ 187,169</u>	<u>\$ 175,042</u>	<u>\$ 352,748</u>	<u>\$ 372,701</u>

Note 3 – Property, Plant and Equipment

During the first quarter of fiscal 2024, we sold a previously utilized facility in Burlington, Ontario for \$2.7 million in net proceeds, which resulted in a gain of \$2.5 million. The gain was included in Other income in the Condensed Consolidated Statements of Income. We closed this previously utilized facility during the second quarter of fiscal 2023 because it was no longer strategic to the future of the business.

During the second quarter of fiscal 2024, we sold a facility in Catoosa, Oklahoma for \$2.7 million in net proceeds, which resulted in a gain of \$2.0 million. Proceeds were received in January 2024. The gain was included in Other income in the Condensed Consolidated Statements of Income. The facility was previously utilized for our industrial cleaning business, which was sold during the fourth quarter of fiscal 2023. The Catoosa, Oklahoma facility was closed as it was no longer strategic to the future of the business.

There were no significant sales of property, plant and equipment in the first half of fiscal 2025.

Note 4 – Debt

On September 9, 2021, the Company and our primary U.S. and Canada operating subsidiaries entered into an asset-based credit agreement, which was most recently amended on May 3, 2024 (as amended, the "ABL Facility"), with Bank of Montreal, as Administrative Agent, Swing Line Lender and a Letter of Credit Issuer. The maximum amount of loans under the ABL Facility is limited to \$90.0 million. The ABL Facility is intended to be used for working capital, capital expenditures, issuances of letters of credit and other lawful purposes. Our obligations under the ABL Facility are guaranteed by substantially all of our U.S. and Canadian subsidiaries and are secured by a first lien on all our assets under the ABL Facility. The ABL Facility matures, and any outstanding amounts become due and payable, on September 9, 2026.

The maximum amount that we may borrow under the ABL Facility is subject to a borrowing base, which is based on restricted cash plus a percentage of the value of certain accounts receivable, inventory and equipment, reduced for certain reserves. We are required to maintain a minimum of \$25.0 million of restricted cash at all times, but such amounts are also included in the borrowing base. The borrowing base is recalculated on a monthly basis and at December 31, 2024, our borrowing base was \$59.7 million. The Company had \$4.8 million in letters of credit outstanding as of December 31, 2024, which resulted in availability of \$54.9 million under the ABL Facility.

Borrowings under the ABL Facility bear interest through maturity at a variable rate based upon, at our option, an annual rate of either a base rate ("Base Rate"), an Adjusted Term Secured Overnight Financing Rate ("Adjusted Term SOFR"), or at the Canadian Prime Rate, plus an applicable margin. The Adjusted Term SOFR is defined as (i) the SOFR plus (ii) 11.448 basis points for a one-month tenor and 26.161 basis points for a three-month tenor; provided that the Adjusted Term SOFR cannot be below zero. The Base Rate is defined as a fluctuating interest rate equal to the greater of: (i) rate of interest announced by Bank of Montreal from time to time as its prime rate; (ii) the U.S. federal funds rate plus 0.50%; (iii) Adjusted Term SOFR for one month period plus 1.00%; or (iv) 1.00%. Depending on the amount of average availability, the applicable margin is between 1.00% to 1.50% for Base Rate and Canadian Prime Rate borrowings, which includes either U.S. or Canadian prime rate, and between 2.00% and 2.50% for Adjusted Term SOFR borrowings. Interest is payable either (i) monthly for Base Rate or Canadian Prime Rate borrowings or (ii) the last day of the interest period for Adjusted Term SOFR borrowings, as set forth in the ABL Facility. The fee for undrawn amounts is 0.25% per annum and is due quarterly.

The ABL Facility contains customary conditions to borrowings, events of default and covenants, including, but not limited to, covenants that limit our ability to sell assets; engage in mergers and acquisitions; make investments, including investments in certain international subsidiaries; incur, assume or permit to exist additional indebtedness and guarantees; create or permit to exist liens; pay cash dividends or make distributions; issue equity instruments; or redeem or repurchase capital stock. In the event that our availability is less than the greater of (i) \$15.0 million and (ii) 15.00% of the commitments under the ABL Facility then in effect, a consolidated Fixed Charge Coverage Ratio of at least 1.00 to 1.00 must be maintained. We were in compliance with all covenants of the ABL Facility as of December 31, 2024.

Note 5 – Income Taxes

Effective Tax Rate

During the three and six months ended December 31, 2024, our effective tax rates were (0.3%) and (0.1)%, respectively. During the three and six months ended December 31, 2023 our effective tax rates were zero. The effective tax rates during fiscal 2025 were impacted by valuation allowances of \$1.8 million and \$3.1 million, respectively, placed on deferred tax assets

generated during the three and six months ended December 31, 2024. The effective tax rates during fiscal 2024 were impacted by valuation allowances of \$1.2 million and \$1.4 million, respectively, placed on deferred tax assets during the three and six months ended December 31, 2023.

Valuation Allowance

We placed a valuation allowance on our deferred tax assets in fiscal 2022 due to the existence of a cumulative loss over a three-year period. Currently, we place valuation allowances on newly generated deferred tax assets and will realize the benefit associated with the deferred tax assets for which the valuation allowance has been provided as we generate taxable income.

Note 6 – Commitments and Contingencies

Insurance Reserves

We maintain insurance coverage for various aspects of our operations. However, we retain exposure to potential losses through the use of deductibles, self-insured retentions and coverage limits.

Typically our contracts require us to indemnify our customers for injury, damage or loss arising from the performance of our services and provide warranties for materials and workmanship. We may also be required to name the customer as an additional insured up to the limits of insurance available, or we may be required to purchase special insurance policies or surety bonds for specific customers or provide letters of credit in lieu of bonds to satisfy performance and financial guarantees on some projects. We maintain a performance and payment bonding line sufficient to support the business. We generally require our subcontractors to indemnify us and our customer and name us as an additional insured for activities arising out of the subcontractors' work. We also require certain subcontractors to provide additional insurance policies, including surety bonds in favor of us, to secure the subcontractors' work or as required by the subcontract.

There can be no assurance that our insurance and the additional insurance coverage provided by our subcontractors will fully protect us against a valid claim or loss under the contracts with our customers.

Litigation

In January 2021, we achieved mechanical completion on a crude oil storage project. On April 1, 2022, we filed an arbitration demand against Keyera Energy, Inc. in an effort to collect outstanding balances of \$32.7 million related to the project. In response, on June 2, 2022, the customer filed counterclaims seeking \$20.0 million, which included liquidated damages and damages with respect to miscellaneous warranty items. On October 31, 2022, the customer amended its counterclaim claiming damages in a range of \$18.8 million to \$36.0 million, which included estimated amounts for "potential future costs." In July 2024, the customer filed a second amended counterclaim which significantly increased the amount of alleged damages to a range of \$69.6 million to \$97.9 million, including a new claim for unspecified "other damages" of \$46.9 million. A portion of the total alleged damages, if we are held liable, may be subject to certain insurance coverages. We are actively pursuing our claims and believe we have substantial legal and contractual defenses to the customer's counterclaims.

During fiscal 2023, we completed construction services on a time and materials basis for a customer at a mining and minerals facility. In late fiscal 2023, after numerous attempts to collect outstanding receivables, we filed a notice of default for lack of payment of outstanding balances, and in early fiscal 2024, we filed a lien on the facility. The customer, 5E Boron Americas, LLC, responded by commencing litigation against us on July 17, 2023 in the United States District Court for the Central District of California, Eastern Division (5E Boron Americas, LLC v. Matrix Service Inc., Case No. 5:23-cv-01396-AB(DTBx)), alleging breach of contract and breach of express warranty. We denied all claims and filed a countersuit against the customer for failure to pay amounts due of \$5.6 million.

We believe we have set appropriate reserves based on our evaluation of the possible outcomes for the matters described above. However, the results of litigation are inherently unpredictable, and the possibility exists that the ultimate resolution of one or more of these matters could result in a material effect on our financial position, results of operations or liquidity. We and our subsidiaries are participants in various other legal actions; however, assessing the eventual outcome of litigation involves forward-looking speculation as to judgement being made by arbitrators, judges, juries and appellate courts in the future. Based upon information presently available, and in light of legal and other factual defenses available to the Company, management does not believe that such other known legal actions will have a material adverse effect on our financial position, results of operations or liquidity.

Note 7 – Earnings per Common Share

Basic earnings per share (“EPS”) is calculated based on the weighted average shares outstanding during the period. Diluted earnings per share includes the dilutive effect of employee and director nonvested restricted stock units. Nonvested restricted stock units are considered dilutive (antidilutive) to our EPS whenever the average market value of the shares during the period exceeds (is less than) the sum of the related average unamortized compensation expense during the period plus the related hypothetical estimated excess tax benefit that will be realized when the shares vest. Nonvested restricted stock units are considered antidilutive to our EPS in the event we report a net loss.

The computation of basic and diluted earnings per share is as follows:

	Three Months Ended		Six Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(In thousands, except per share data)			
Basic EPS:				
Net loss	\$ (5,533)	\$ (2,851)	\$ (14,756)	\$ (6,018)
Weighted average shares outstanding	27,801	27,377	27,680	27,314
Basic loss per share	\$ (0.20)	\$ (0.10)	\$ (0.53)	\$ (0.22)
Diluted EPS:				
Net loss	\$ (5,533)	\$ (2,851)	\$ (14,756)	\$ (6,018)
Diluted weighted average shares outstanding	27,801	27,377	27,680	27,314
Diluted loss per share	\$ (0.20)	\$ (0.10)	\$ (0.53)	\$ (0.22)

The following securities are considered antidilutive and have been excluded from the calculation of Diluted EPS:

	Three Months Ended		Six Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(In thousands)			
Nonvested restricted stock units	917	949	926	757

Note 8 – Segment Information

We operate our business through three reportable segments:

- **Storage and Terminal Solutions:** primarily consists of engineering, procurement, fabrication, and construction services related to cryogenic and other specialty tanks and terminals for LNG, NGLs, hydrogen, ammonia, propane, butane, liquid nitrogen/liquid oxygen, and liquid petroleum. We also perform work related to traditional aboveground crude oil and refined product storage tanks and terminals. This segment also includes terminal balance of plant work, truck and rail loading/offloading facilities, and marine structures as well as storage tank and terminal maintenance and repair. Finally, we manufacture and sell precision engineered specialty tank products, including geodesic domes, aluminum internal floating roofs, floating suction and skimmer systems, roof drain systems and floating roof seals.
- **Utility and Power Infrastructure:** primarily consists of engineering, procurement, fabrication, and construction services to support growing demand for LNG utility peak shaving facilities. We also perform power delivery work for public and private utilities, including construction of new substations, upgrades of existing substations, transmission and distribution line installations, and upgrades and maintenance including live wire work. Work may also include emergency and storm restoration services. We also provide construction services to a variety of power generation facilities, including natural gas fired facilities in simple or combined cycle configurations.
- **Process and Industrial Facilities:** primarily consists of plant maintenance, repair, and turnarounds in the downstream and midstream markets for energy clients including refining and processing of crude oil, fractionating, and marketing of natural gas and natural gas liquids. We also perform engineering, procurement, fabrication, and construction for refinery upgrades and retrofits for renewable fuels, including hydrogen processing, production, loading and distribution facilities. We also engineer and construct thermal vacuum test chambers for aerospace and defense industries and other infrastructure for industries including chemicals, petrochemical, sulfur, mining and minerals primarily in the extraction of non-ferrous metals, cement, agriculture, wastewater treatment facilities and other industrial customers.

We evaluate performance and allocate resources based on operating income. We eliminate intersegment sales; therefore, no intercompany profit or loss is recognized. Corporate selling, general and administrative expenses, including corporate salaries and facilities costs, are excluded from our three reportable segments in order to align controllable costs with the responsibility of segment management, and to be consistent with how our chief operating decision-maker assesses segment performance and allocates resources. Segment assets consist primarily of accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts, property, plant and equipment, right-of-use lease assets, goodwill and other intangible assets. Corporate assets consist primarily of cash, restricted cash, prepaid expenses, corporate fixed assets, and corporate operating lease right-of-use assets.

Operating Segment Information - The following tables set forth certain selected financial information for our operating segments for the periods indicated:

(In thousands)

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
Three Months Ended December 31, 2024					
Total revenue ⁽¹⁾	\$ 95,507	\$ 61,076	\$ 30,586	\$ —	\$ 187,169
Cost of revenue	(88,235)	(57,667)	(30,216)	(159)	(176,277)
Gross profit (loss)	7,272	3,409	370	(159)	10,892
Selling, general and administrative expenses	5,567	3,561	1,677	6,481	17,286
Operating income (loss)	\$ 1,705	\$ (152)	\$ (1,307)	\$ (6,640)	\$ (6,394)

(1) Total revenues are net of inter-segment revenues which are primarily Process and Industrial Facilities and were \$0.8 million for the three months ended December 31, 2024.

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
Three Months Ended December 31, 2023					
Total revenue ⁽¹⁾	\$ 62,360	\$ 40,144	\$ 71,305	\$ 1,233	\$ 175,042
Cost of revenue	(60,522)	(38,729)	(64,634)	(568)	(164,453)
Gross profit	1,838	1,415	6,671	665	10,589
Selling, general and administrative expenses	4,338	1,978	2,206	7,209	15,731
Operating income (loss)	\$ (2,500)	\$ (563)	\$ 4,465	\$ (6,544)	\$ (5,142)

(1) Total revenues are net of inter-segment revenues which are primarily Storage and Terminal Solutions and were \$0.9 million for the three months ended December 31, 2023.

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
Six Months Ended December 31, 2024					
Total revenue ⁽¹⁾	\$ 173,746	\$ 116,988	\$ 62,014	\$ —	\$ 352,748
Cost of revenue	(161,777)	(112,272)	(59,647)	(347)	(334,043)
Gross profit (loss)	11,969	4,716	2,367	(347)	18,705
Selling, general and administrative expenses	11,136	7,537	3,443	13,750	35,866
Operating income (loss)	\$ 833	\$ (2,821)	\$ (1,076)	\$ (14,097)	\$ (17,161)

(1) Total revenues are net of inter-segment revenues which are primarily Process and Industrial Facilities and were \$1.7 million for the six months ended December 31, 2024.

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
Six Months Ended December 31, 2023					
Total revenue ⁽¹⁾	\$ 152,504	\$ 72,539	\$ 146,425	\$ 1,233	\$ 372,701
Cost of revenue	(145,714)	(67,428)	(134,676)	(2,435)	(350,253)
Gross profit (loss)	6,790	5,111	11,749	(1,202)	22,448
Selling, general and administrative expenses	8,967	3,526	5,293	15,058	32,844
Operating income (loss)	\$ (2,177)	\$ 1,585	\$ 6,456	\$ (16,260)	\$ (10,396)

(1) Total revenues are net of inter-segment revenues which are primarily Storage and Terminal Solutions and were \$1.8 million for the six months ended December 31, 2023.

Total assets by segment

	December 31, 2024	June 30, 2024
Storage and Terminal Solutions	\$ 172,932	\$ 138,529
Utility and Power Infrastructure	108,865	84,108
Process and Industrial Facilities	34,379	81,524
Corporate	197,669	147,190
Total Segment Assets	<u>\$ 513,845</u>	<u>\$ 451,351</u>

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

FORWARD-LOOKING STATEMENTS

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Form 10-Q which address activities, events or developments which we expect, believe or anticipate will or may occur in the future are forward-looking statements. The words "believes," "intends," "expects," "anticipates," "projects," "estimates," "predicts" and similar expressions are also intended to identify forward-looking statements. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations or assumptions will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

These forward-looking statements include, among others, such things as:

- amounts and nature of future project awards, revenue and margins from each of our segments;
- our ability to generate sufficient cash from operations, access our credit facility, or raise cash in order to meet our short and long-term capital requirements;
- our ability to comply with the covenants in our credit agreement;
- the impact to our business from economic, market or business conditions in general and in the natural gas, oil, petrochemical, industrial and power industries in particular;
- the impact of interest rates and inflation on our operating expenses and our business operations;
- the likely impact of new or existing regulations or market forces on the demand for our services;
- the impact to our business from disruptions to supply chains, inflation and availability of materials and labor;
- our expectations with respect to the likelihood of a future impairment;
- our expectations regarding pending litigation; and
- expansion and other trends of the industries we serve.

These statements are based on certain assumptions and analyses we made in light of our experience and our historical trends, current conditions and expected future developments as well as other factors we believe are appropriate. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ materially from our expectations, including:

- any risk factors discussed in this Form 10-Q, Form 10-K for the fiscal year ended June 30, 2024, and in our other filings with the Securities and Exchange Commission;
- economic, market or business conditions in general and in the natural gas, power, oil, petrochemical, industrial and power industries in particular;
- the transition to renewable energy sources and its impact on our current customer base;
- the under- or over-utilization of our work force;
- delays in the commencement or progression of major projects, whether due to permitting issues or other factors;
- reduced creditworthiness of our customer base and the higher risk of non-payment of receivables;
- the inherently uncertain outcome of current and future litigation;
- the adequacy of our reserves for claims and contingencies; and
- changes in laws or regulations, including the imposition, cancellation or delay of tariffs on imported goods.

Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business operations. We assume no obligation to update, except as required by law, any such forward-looking statements, whether as a result of new information, future events or otherwise.

RESULTS OF OPERATIONS

Overview

We operate our business through three reportable segments:

- **Storage and Terminal Solutions:** primarily consists of engineering, procurement, fabrication, and construction services related to cryogenic and other specialty tanks and terminals for LNG, NGLs, hydrogen, ammonia, propane, butane, liquid nitrogen/liquid oxygen, and liquid petroleum. We also perform work related to traditional aboveground crude oil and refined product storage tanks and terminals. This segment also includes terminal balance of plant work, truck and rail loading/offloading facilities, and marine structures as well as storage tank and terminal maintenance and repair. Finally, we manufacture and sell precision engineered specialty tank products, including geodesic domes, aluminum internal floating roofs, floating suction and skimmer systems, roof drain systems and floating roof seals.
- **Utility and Power Infrastructure:** primarily consists of engineering, procurement, fabrication, and construction services to support growing demand for LNG utility peak shaving facilities. We also perform power delivery work for public and private utilities, including construction of new substations, upgrades of existing substations, transmission and distribution line installations, and upgrades and maintenance including live wire work. Work may also include emergency and storm restoration services. We also provide construction services to a variety of power generation facilities, including natural gas fired facilities in simple or combined cycle configurations.
- **Process and Industrial Facilities:** primarily consists of plant maintenance, repair, and turnarounds in the downstream and midstream markets for energy clients including refining and processing of crude oil, fractionating, and marketing of natural gas and natural gas liquids. We also perform engineering, procurement, fabrication, and construction for refinery upgrades and retrofits for renewable fuels, including hydrogen processing, production, loading and distribution facilities. We also engineer and construct thermal vacuum test chambers for aerospace and defense industries and other infrastructure for industries including chemicals, petrochemical, sulfur, mining and minerals primarily in the extraction of non-ferrous metals, cement, agriculture, wastewater treatment facilities and other industrial customers.

Operational Update

Operating activity increased during the second quarter of fiscal 2025 as revenues showed a 13% increase from first quarter of 2025. This increase marks the beginning of a ramp in activity, and was fueled by growth primarily in the Storage and Terminal Solutions segment, as well as the Utility and Power Infrastructure segment. We believe these positive trends will continue as we progress through the remainder of the fiscal year. Combined with strong project execution, we believe the continued increase in activity will result in enhanced leverage of our cost structure, improved operating margins, and bottom-line results.

Project awards during the quarter were \$90.5 million. We have experienced lower levels of project awards as many customers delayed spending decisions pending the outcome of the 2024 presidential election. It is not uncommon for awards to shift from one period to another as the timing of awards is dependent on a number of factors, and while project awards in the quarter is the lowest quarterly awards in over three years, demand in the markets we serve remains strong based upon significant market trends, and recent and anticipated actions by the new administration. The market drivers for each of our segments are strong and include increased oil and gas demand, the clean energy transition, low-cost feed stock, data center energy demand, industrial reshoring/onshoring, grid reliability and electrical supply assurance. As a result, we believe we will have strong award activity in the coming quarters.

Backlog

We define backlog as the total dollar amount of revenue that we expect to recognize as a result of performing work that has been awarded to us through a signed contract, limited notice to proceed ("LNTP") or other type of assurance that we consider firm. The following arrangements are considered firm:

- fixed-price awards;
- minimum customer commitments on cost plus arrangements; and
- certain time and material arrangements in which the estimated value is firm or can be estimated with a reasonable amount of certainty in both timing and amounts.

For long-term maintenance contracts with no minimum commitments and other established customer agreements, we include only the amounts that we expect to recognize as revenue over the next 12 months. For arrangements in which we have received a LNTP, we include the entire scope of work in our backlog if we conclude that the likelihood of the full project proceeding is probable. For all other arrangements, we calculate backlog as the estimated contract amount less revenue recognized as of the reporting date.

The following table provides a summary of changes in our backlog for the three months ended December 31, 2024:

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Total
(In thousands)				
Backlog as of September 30, 2024	\$ 801,667	\$ 358,150	\$ 252,054	\$ 1,411,871
Project awards	32,826	21,442	36,270	90,538
Other adjustment ⁽²⁾	—	—	(4,106)	(4,106)
Revenue recognized	(95,507)	(61,076)	(30,586)	(187,169)
Backlog as of December 31, 2024	\$ 738,986	\$ 318,516	\$ 253,632	\$ 1,311,134
Book-to-bill ratio ⁽¹⁾	0.3 x	0.4 x	1.2 x	0.5 x

(1) Calculated by dividing project awards by revenue recognized.

(2) Backlog was reduced as a result of the closure of a customer's facility. This customer has historically represented less than 1% of our consolidated revenues.

The following table provides a summary of changes in our backlog for the six months ended December 31, 2024:

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Total
(In thousands)				
Backlog as of June 30, 2024	\$ 798,255	\$ 379,697	\$ 251,521	\$ 1,429,473
Project awards	114,477	55,807	68,231	238,515
Other adjustment ⁽²⁾	—	—	(4,106)	(4,106)
Revenue recognized	(173,746)	(116,988)	(62,014)	(352,748)
Backlog as of December 31, 2024	\$ 738,986	\$ 318,516	\$ 253,632	\$ 1,311,134
Book-to-bill ratio ⁽¹⁾	0.7 x	0.5 x	1.1 x	0.7 x

(1) Calculated by dividing project awards by revenue recognized.

(2) Backlog was reduced as a result of the closure of a customer's facility. This customer has historically represented less than 1% of our consolidated revenues.

In the Storage and Terminal Solutions segment, we booked \$32.8 million of project awards during the second quarter of fiscal 2025. During the six months ended December 31, 2024, we booked \$114.5 million of project awards. This segment includes significant opportunities for storage infrastructure projects related to natural gas, LNG, ammonia, NGLs and other forms of renewable energy. We believe LNG and ammonia projects in particular will be key growth drivers for this segment. Bidding activity on LNG and ammonia projects has been strong and we expect that to continue.

In the Utility and Power Infrastructure segment, we booked \$21.4 million of project awards during the second quarter of fiscal 2025. During the six months ended December 31, 2024, we booked \$55.8 million of project awards. Our opportunity pipeline for LNG peak shaving projects continues to be promising; however those awards, while significant, can be less frequent. Power delivery opportunities are expected to be driven over the long-term by increasing electrical demand and the related electrical grid requirements. Project opportunities and bidding activity are strong for both the power delivery portion of the business and LNG peak shaving.

In the Process and Industrial Facilities segment, we booked \$36.3 million of project awards during the second quarter of fiscal 2025. During the six months ended December 31, 2024, we booked \$68.2 million of project awards, and were notified of a five-year renewal of a refinery maintenance contract. We continue to see demand for thermal vacuum chambers in the coming quarters, as well as increasing opportunities in mining and minerals, chemicals, renewables and refinery turnarounds.

Project awards in all segments are cyclical and are typically the result of a sales process that can take several months or years to complete. It is common for awards to shift from one period to another as the timing of awards is dependent upon a number of factors including changes in market conditions, permitting, off take agreements, project financing and other factors. Backlog volatility may increase for some segments from time to time when individual project awards are less frequent, but more significant. There is an inherent lag between the time a project is awarded and when it begins to have a material impact on revenue. This lag can vary and can extend up to six months or longer in unique circumstances, depending on finalization of scopes, contracts, permits, and facility process requirements. Additionally, awards for larger construction projects may be recognized as revenue over a multi-year period as the projects may take a few years to complete.

Three months ended December 31, 2024 Compared to the Three months ended December 31, 2023

The information below is an analysis of our consolidated results for the three months ended December 31, 2024, compared to the three months ended December 31, 2023. See Results of Operations by Business Segment below for additional information describing the performance of each of our reportable segments.

Consolidated Results of Operations

	Three Months Ended			
	December 31,		2024 v 2023	
	2024	2023	\$	%
Revenue	\$ 187,169	\$ 175,042	\$ 12,127	7 %
Cost of revenue	176,277	164,453	11,824	7 %
Gross profit	10,892	10,589	303	3 %
Selling, general and administrative expenses	17,286	15,731	1,555	10 %
Operating loss	(6,394)	(5,142)	(1,252)	24 %
Other income (expense):				
Interest expense	(145)	(319)	174	(55)%
Interest income	1,578	162	1,416	874 %
Other	(556)	2,454	(3,010)	(123)%
Net loss	\$ (5,533)	\$ (2,851)	\$ (2,682)	94 %

Revenue - The increase in consolidated revenue of \$12.1 million, or 7%, was primarily attributable to increased revenue volumes in our Storage and Terminal Solutions and Utility and Power Infrastructure segments, partially offset by reduced revenue volumes in Process and Industrial Facilities.

Gross profit - Gross profit in the second quarter of fiscal 2025 increased \$0.3 million, or 3%, compared to the second quarter of fiscal 2024. Gross margin of 5.8% for the second quarter of fiscal 2025 decreased slightly compared with gross margin of 6.0% for the second quarter of fiscal 2024. While project execution remained strong, gross margins were negatively impacted by the under-recovery of construction overhead costs.

Selling, general and administrative expenses - The increase in SG&A expenses of \$1.6 million, or 10%, is due to several factors, including an increase in salaries and wages of \$0.6 million and an increase in project pursuit costs of \$0.6 million, all necessitated to support conversion of backlog to revenue and expected growth of the business.

Interest income - The increase in interest income of \$1.4 million is primarily due to an increase in our cash balance. In late fiscal 2024, as a result of increasing cash balances, we invested excess cash balances in interest-bearing cash accounts.

Other income - Other income decreased \$3.0 million compared to the second quarter of fiscal 2024. Other income during the three months ended December 31, 2023 included a gain of \$2.0 million on the sale of a facility in Catoosa, Oklahoma. Additionally, the Company incurred a foreign currency loss of \$0.7 million for the three months ended December 31, 2024 compared to a gain of \$0.3 million for the three months ended December 31, 2023.

Provision for income taxes - Our effective tax rates for the three months ended December 31, 2024 and December 31, 2023 were (0.3%) and zero, respectively. The effective tax rates during both periods were impacted by valuation allowances of \$1.8 million and \$1.2 million, respectively, placed on deferred tax assets generated during the quarters. We placed a valuation allowance on our deferred tax assets due to the existence of a cumulative loss over a three-year period. Currently, we place valuation allowances on newly generated deferred tax assets and will realize the benefit associated with the deferred tax assets for which the valuation allowance has been provided as we generate taxable income.

Results of Operations by Business Segment

<i>Dollars in thousands</i>	Three Months Ended			
	December 31,		2024 v 2023	
	2024	2023	\$	%
Revenue				
Storage and Terminal Solutions	\$ 95,507	\$ 62,360	\$ 33,147	53 %
Utility and Power Infrastructure	61,076	40,144	20,932	52 %
Process and Industrial Facilities	30,586	71,305	(40,719)	(57)%
Corporate	—	1,233	(1,233)	(100)%
Total revenue ⁽¹⁾	<u>\$ 187,169</u>	<u>\$ 175,042</u>	<u>\$ 12,127</u>	<u>7 %</u>
Gross profit (loss)				
Storage and Terminal Solutions	\$ 7,272	\$ 1,838	\$ 5,434	296 %
Utility and Power Infrastructure	3,409	1,415	1,994	141 %
Process and Industrial Facilities	370	6,671	(6,301)	(94)%
Corporate	(159)	665	(824)	(124)%
Total gross profit	<u>\$ 10,892</u>	<u>\$ 10,589</u>	<u>\$ 303</u>	<u>3 %</u>
Operating income (loss)				
Storage and Terminal Solutions	\$ 1,705	\$ (2,500)	\$ 4,205	(168)%
Utility and Power Infrastructure	(152)	(563)	411	(73)%
Process and Industrial Facilities	(1,307)	4,465	(5,772)	(129)%
Corporate	(6,640)	(6,544)	(96)	1 %
Total Operating Loss	<u>\$ (6,394)</u>	<u>\$ (5,142)</u>	<u>\$ (1,252)</u>	<u>24 %</u>

(1) Total revenues are net of inter-segment revenues which are primarily Process and Industrial Facilities and were \$0.8 million for the three months ended December 31, 2024.

Storage and Terminal Solutions

Storage and Terminal Solutions revenues increased by \$33.1 million, or 53%, in the three months ended December 31, 2024 compared to the same period last year, driven by an increased volume of work for specialty vessel and LNG storage.

Storage and Terminal Solutions gross profit increased by \$5.4 million, or 296%, in the three months ended December 31, 2024 compared to the same period last year. The segment gross margin was 7.6% for the three months ended December 31, 2024 compared to segment gross margin of 2.9% in the same period last year. The improved gross margin relative to the prior year period reflects consistent project execution and improved construction overhead cost absorption as a result of higher revenues.

Utility and Power Infrastructure

Utility and Power Infrastructure revenues increased by \$20.9 million, or 52%, in the three months ended December 31, 2024 compared to the same period last year. The increase is primarily attributable to a higher volume of work for LNG peak shaving projects, partially offset by decreases in power delivery work.

Utility and Power Infrastructure gross profit increased by \$2.0 million, or 141%, in the three months ended December 31, 2024 compared to the same period last year. The segment gross margin was 5.6% for the three months ended December 31, 2024 compared to 3.5% in the same period last year, an increase of 2.1% due to an improved mix of work. Gross margins in both periods were negatively impacted by the under-recovery of construction overhead costs.

Process and Industrial Facilities

Process and Industrial Facilities revenues decreased by \$40.7 million, or 57%, in the three months ended December 31, 2024 compared to the same period last year. The decrease is primarily attributable to lower revenue volumes resulting from the completion of a large renewable diesel project, and to lower revenue volumes for thermal vacuum chambers. We believe this reduction in revenue is temporary given our strong backlog, including a significant gas processing construction project that is expected to commence in late fiscal 2025.

Process and Industrial Facilities gross profit decreased by \$6.3 million, or 94%, in the three months ended December 31, 2024 compared to the same period last year. The segment gross margin was 1.2% for the three months ended December 31, 2024 compared to 9.4% in the same period last year. Gross margins decreased due to changes in the mix of work, as well as an increase in under-recovery of construction overhead costs due to lower revenues.

Corporate

Unallocated corporate expenses net to \$6.6 million during the three months ended December 31, 2024 compared to \$6.5 million in the same period last year.

Six months ended December 31, 2024 Compared to the Six months ended December 31, 2023

The information below is an analysis of our consolidated results for the six months ended December 31, 2024, compared to the six months ended December 31, 2023. See Results of Operations by Business Segment below for additional information describing the performance of each of our reportable segments.

Consolidated Results of Operations

	Six Months Ended			
	December 31,		2024 v 2023	
	2024	2023	\$	%
Revenue	\$ 352,748	\$ 372,701	\$ (19,953)	(5)%
Cost of revenue	334,043	350,253	(16,210)	(5)%
Gross profit	18,705	22,448	(3,743)	(17)%
Selling, general and administrative expenses	35,866	32,844	3,022	9 %
Operating loss	(17,161)	(10,396)	(6,765)	65 %
Other income (expense):				
Interest expense	(234)	(644)	410	(64)%
Interest income	3,150	312	2,838	910 %
Other	(495)	4,716	(5,211)	(110)%
Loss before income tax expense	(14,740)	(6,012)	(8,728)	145 %
Provision for federal, state and foreign income taxes	16	6	10	— %
Net loss	<u>\$ (14,756)</u>	<u>\$ (6,018)</u>	<u>\$ (8,738)</u>	<u>145 %</u>

Revenue - The decrease in overall revenue of \$20.0 million, or 5%, was primarily attributable to reduced revenue volumes in our Process and Industrial Facilities segment, partially offset by increases in Storage and Terminal Solutions and Utility and Power Infrastructure.

Gross profit - Gross profit in the first half of fiscal 2025 decreased \$3.7 million, or 17%, compared to the first half of fiscal 2024. Gross margin decreased to 5.3% for the first half of fiscal 2025 compared to 6.0% for the first half of fiscal 2024. While project execution remained strong, gross margins were negatively impacted by the under-recovery of construction overhead costs, which increased for the first half of fiscal 2025 due to lower revenues.

Selling, general and administrative expenses - The increase in SG&A expenses of \$3.0 million, or 9%, is primarily due to several factors including an increase in salaries and wages of \$1.6 million and an increase in pursuit costs of \$0.6 million, all necessitated to support conversion of backlog to revenue and expected growth of the business.

Interest income - The increase in interest income of \$2.8 million is primarily due to an increase in our cash balance. In late fiscal 2024, as a result of increasing cash balances, we invested excess cash balances in interest-bearing cash accounts.

Other income - Other income decreased \$5.2 million in the first half of fiscal 2025 as compared to the first half of fiscal 2024. Other income during the six months ended December 31, 2023, included a gain of \$2.0 million from the sale of a facility in Catoosa, Oklahoma for \$2.7 million in net proceeds. Additionally, in the first quarter of fiscal 2024, we recognized a gain of \$2.5 million on the sale of a previously utilized facility in Burlington, Ontario.

Provision for income taxes - Our effective tax rates for the six months ended December 31, 2024 and December 31, 2023 were (0.1%) and zero, respectively. The effective tax rates during both periods were impacted by valuation allowances of \$3.1 million and \$1.4 million, respectively, placed on deferred tax assets generated during the quarters. We placed a valuation allowance on our deferred tax assets due to the existence of a cumulative loss over a three-year period. Currently, we place valuation allowances on newly generated deferred tax assets and will realize the benefit associated with the deferred tax assets for which the valuation allowance has been provided as we generate taxable income.

Results of Operations by Business Segment

<i>Dollars in thousands</i>	Six Months Ended			
	December 31,		2024 v 2023	
	2024	2023	\$	%
Revenue				
Storage and Terminal Solutions	\$ 173,746	\$ 152,504	\$ 21,242	14 %
Utility and Power Infrastructure	116,988	72,539	44,449	61 %
Process and Industrial Facilities	62,014	146,425	(84,411)	(58)%
Corporate	—	1,233	(1,233)	(100)%
Total revenue ⁽¹⁾	\$ 352,748	\$ 372,701	\$ (19,953)	(5)%
(1) Total revenues are net of inter-segment revenues which are primarily Process and Industrial Facilities and were \$1.7 million for the six months ended December 31, 2024.				
Gross profit (loss)				
Storage and Terminal Solutions	\$ 11,969	\$ 6,790	\$ 5,179	76 %
Utility and Power Infrastructure	4,716	5,111	(395)	(8)%
Process and Industrial Facilities	2,367	11,749	(9,382)	(80)%
Corporate	(347)	(1,202)	855	(71)%
Total gross profit	\$ 18,705	\$ 22,448	\$ (3,743)	(17)%
Operating income (loss)				
Storage and Terminal Solutions	\$ 833	\$ (2,177)	\$ 3,010	(138)%
Utility and Power Infrastructure	(2,821)	1,585	(4,406)	(278)%
Process and Industrial Facilities	(1,076)	6,456	(7,532)	(117)%
Corporate	(14,097)	(16,260)	2,163	(13)%
Total Operating Loss	\$ (17,161)	\$ (10,396)	\$ (6,765)	65 %

Storage and Terminal Solutions

Storage and Terminal Solutions revenues increased by \$21.2 million, or 14%, in the six months ended December 31, 2024 compared to the same period last year, driven by increased volume of work for specialty vessel and LNG storage, partially offset by decreases in tank repair and maintenance work.

Storage and Terminal Solutions gross profit increased by \$5.2 million, or 76%, in the six months ended December 31, 2024 compared to the same period last year. The segment gross margin was 6.9% for the six months ended December 31, 2024 compared to segment gross margin of 4.5% in the same period last year. The improved gross margin relative to the prior year period reflects consistent project execution and improved construction overhead cost absorption as a result of higher revenues.

Utility and Power Infrastructure

Utility and Power Infrastructure revenues increased by \$44.4 million, or 61%, in the six months ended December 31, 2024 compared to the same period last year. The increase is primarily attributable to higher volumes of work for LNG peak shaving projects, partially offset by decreases in power delivery work.

Utility and Power Infrastructure gross profit decreased by \$0.4 million, or 8%, in the six months ended December 31, 2024 compared to the same period last year. The segment gross margin was 4.0% for the six months ended December 31, 2024 compared to 7.0% in the same period last year. The segment gross margin in the current period was impacted by higher levels of under-recovery of construction overhead costs.

Process and Industrial Facilities

Process and Industrial Facilities revenues decreased by \$84.4 million, or 58%, in the six months ended December 31, 2024 compared to the same period last year. The decrease is primarily attributable to lower revenue volumes for a now completed large renewable diesel project, in addition to lower revenue volumes for thermal vacuum chambers. We believe this reduction in revenue is temporary given our strong backlog, including a significant gas processing construction project that is expected to commence in late fiscal 2025.

Process and Industrial gross profit decreased by \$9.4 million, or 80%, in the six months ended December 31, 2024 compared to the same period last year. The segment gross margin was 3.8% for the six months ended December 31, 2024 compared to 8.0% in the same period last year. The segment gross margin in the current period was impacted by higher levels of under-recovery of construction overhead costs due to lower revenue.

Corporate

Unallocated corporate revenue and expenses net to \$14.1 million during the six months ended December 31, 2024 compared to \$16.3 million in the same period last year. The decrease of \$2.2 million was primarily due to reduced legal expenses year over year. Legal expenses incurred during the first half of fiscal 2024 included costs related to a jury trial that resulted in a verdict in our favor.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We assess liquidity based on the ongoing ability to pay our liabilities as they become due, fund business operations and meet all monetary contractual obligations. Our primary sources of liquidity at December 31, 2024 were unrestricted cash and cash equivalents on hand, capacity under our ABL Facility, and cash generated from operations. Our primary operational uses of capital are expenditures required to execute our projects, fund business operations and fulfill our contractual obligations. We believe that for at least the next 12 months, anticipated cash generated by operating activities, along with our availability under the ABL Facility and cash position, is sufficient to support our operating requirements.

Unrestricted cash and cash equivalents at December 31, 2024 totaled \$156.8 million and availability under the ABL Facility totaled \$54.9 million, resulting in total liquidity of \$211.7 million. During the second quarter of fiscal 2025, liquidity increased \$30.4 million primarily as a result of cash provided by operating activities.

The following table provides a reconciliation of restricted cash and unrestricted cash in the Consolidated Balance Sheets to the total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows, as well as availability and total liquidity (in thousands):

	December 31, 2024	September 30, 2024	June 30, 2024
Total cash, cash equivalents and restricted cash	\$ 181,777	\$ 149,610	\$ 140,615
Less: Restricted cash	25,000	25,000	25,000
Unrestricted cash	156,777	124,610	115,615
Availability	54,920	56,642	53,988
Total Liquidity	<u>\$ 211,697</u>	<u>\$ 181,252</u>	<u>\$ 169,603</u>

The following table provides a summary of changes in our liquidity for the three months ended December 31, 2024 (in thousands):

Liquidity at September 30, 2024	\$ 181,252
Cash provided by operating activities	33,598
Capital expenditures	(915)
Proceeds from asset sales	163
Decrease in availability under ABL Facility	(1,722)
Cash provided by financing activities	56
Effect of exchange rate changes on cash	(735)
Liquidity at December 31, 2024	<u>\$ 211,697</u>

The following table provides a summary of changes in our liquidity for the six months ended December 31, 2024 (in thousands):

Liquidity at June 30, 2024	\$ 169,603
Cash provided by operating activities	45,516
Capital expenditures	(2,859)
Proceeds from asset sales	163
Increase in availability under ABL Facility	932
Cash used by financing activities	(1,133)
Effect of exchange rate changes on cash	(525)
Liquidity at December 31, 2024	<u>\$ 211,697</u>

Factors that routinely impact our short-term liquidity and may impact our long-term liquidity include, but are not limited to:

- changes in costs and estimated earnings in excess of billings on uncompleted contracts and billings on uncompleted contracts in excess of costs due to contract terms that determine the timing of billings to customers and the collection of those billings:
 - some fixed-price customer contracts allow for significant upfront billings at the beginning of a project, which increases liquidity near term;
 - some cost-plus and fixed-price customer contracts are billed based on milestones which may increase or decrease liquidity in the near term depending on the timing of when we incur significant expenditures and when we collect from our customers;
 - time and material contracts are normally billed in arrears. Therefore, we are routinely required to carry these costs until they can be billed and collected; and
 - some of our large construction projects may require security in the form of significant retentions. Retentions are normally held until certain contractual milestones are achieved; therefore, collection may extend beyond one year;

- the mix of work can impact liquidity. In periods where fixed-price contracts comprise a larger portion of revenue, liquidity may increase. In periods where time and material contracts comprise a larger portion of revenue, liquidity may decrease;
- other changes in working capital, including the timing of tax payments and refunds;
- release of contract retentions, and
- capital expenditures.

Other factors that may impact both short and long-term liquidity include:

- contract disputes;
- collection issues, including those caused by weak commodity prices, economic slowdowns or other factors which can lead to credit deterioration of our customers;
- borrowing constraints under our ABL Facility and maintaining compliance with all covenants contained in the ABL Facility;
- letters of credit. We have certain contracts with customers, and may have future contracts, that permit the customer to obtain, at the customer's expense, letters of credit as a form of security under the contract. Letters of credit reduce our borrowing availability under the Company's ABL Facility;
- acquisitions and disposals of businesses or assets; and
- purchases of shares under our stock buyback program.

ABL Credit Facility

We have an asset-based credit agreement, which was most recently amended on May 3, 2024 (as amended, the "ABL Facility"), with Bank of Montreal, as Administrative Agent, Swing Line Lender and a Letter of Credit Issuer. The maximum amount of loans under the ABL Facility is limited to \$90.0 million. The ABL Facility is intended to be used for working capital, capital expenditures, issuances of letters of credit and other lawful purposes. Our obligations under the ABL Facility are guaranteed by substantially all of our U.S. and Canadian subsidiaries and are secured by a first lien on all our assets under the ABL Facility. The ABL Facility matures, and any outstanding amounts become due and payable, on September 9, 2026.

The borrowing base is recalculated on a monthly basis and at December 31, 2024, our borrowing base was \$59.7 million. We had no borrowings outstanding and \$4.8 million in letters of credit outstanding as of December 31, 2024, which resulted in availability of \$54.9 million under the ABL Facility. For additional information regarding our ABL Facility, see Item I of Part I, "Financial Statements - Note 4 - Debt."

Cash Flows Provided by Operating Activities

Cash provided by operating activities for the six months ended December 31, 2024 totaled \$45.5 million. Major components of cash flows provided by operating activities for the six months ended December 31, 2024 are as follows:

Net Cash Provided by Operating Activities (In thousands)

Net loss	\$ (14,756)
Loss on sale of property, plant and equipment	(64)
Depreciation and amortization	5,025
Stock-based compensation	4,568
Other non-cash expenses	(19)
Cash effect of changes in operating assets and liabilities	50,762
Net cash provided by operating activities	<u>\$ 45,516</u>

Cash effect of changes in operating assets and liabilities at December 31, 2024 in comparison to June 30, 2024 include the following:

- Accounts receivable, excluding credit losses recognized during the period and including retention amounts classified as non-current, increased by \$18.9 million during the six months ended December 31, 2024, which decreased cash flows from operating activities. The variance is primarily attributable to the timing of billing and collections.
- Costs and estimated earnings in excess of billings on uncompleted contracts ("CIE") increased \$0.8 million, which decreased cash flows from operating activities. Billings on uncompleted contracts in excess of costs and estimated earnings ("BIE") increased \$66.2 million, which increased cash flows from operating activities. CIE and BIE balances can experience significant fluctuations based on business volumes and the timing of when job costs are incurred and the timing of customer billings and payments.
- Accounts payable increased by \$14.5 million during the six months ended December 31, 2024, which increased cash flows from operating activities. These operating liabilities can fluctuate based on business volumes; the timing of vendor payments; accruals; lease commencement, lease payments, expiration, or termination of operating leases; and other timing differences.
- Inventories, income taxes receivable, prepaid expenses, other current assets, operating right-of-use lease assets and other assets, non-current, increased \$4.4 million during the six months ended December 31, 2024, which decreased cash flows from operating activities. These operating assets can fluctuate based on business volumes; the timing of inventory builds and draw-downs, accrual and receipt of income taxes receivable; prepayments of certain expenses; lease commencement, passage of time, expiration, or termination of operating leases; and other timing differences.
- Accrued wages and benefits, accrued insurance, operating lease liabilities, other accrued expenses, and other liabilities, non-current decreased by \$5.8 million during the six months ended December 31, 2024, which decreased cash flows from operating activities. These operating liabilities can fluctuate based on the timing of payroll, distributions, business volumes; vendor payments; accruals; lease commencement, lease payments, expiration, or termination of operating leases; and other timing differences.

Cash Flows Used by Investing Activities

Investing activities used \$2.7 million of cash in the six months ended December 31, 2024 due to capital expenditures associated with improvements at a fabrication facility in Bakersfield, California that we purchased in fiscal 2024, as well as the purchase of construction equipment to support our projects.

Cash Flows Used by Financing Activities

Financing activities used \$1.1 million of cash in the six months ended December 31, 2024 primarily due to the repurchase of common stock for payment of statutory taxes due on equity-based compensation.

Dividend Policy

We have never paid cash dividends on our common stock and the terms of our ABL Facility limit dividends to stock dividends only. Any future dividend payments will depend on the terms of our ABL Facility, our financial condition, capital requirements and earnings as well as other relevant factors.

Stock Repurchase Program

We may repurchase common stock pursuant to the Stock Buyback Program, which was approved by the board of directors in November 2018. Under the program, the aggregate number of shares repurchased may not exceed 2,707,175 shares. We may repurchase our stock from time to time in the open market at prevailing market prices or in privately negotiated transactions and are not obligated to purchase any shares. The program will continue unless and until it is modified or revoked by the Board of Directors. We made no repurchases under the program in the three months ended December 31, 2024 and have no current plans to repurchase stock. As of December 31, 2024, there were 1,349,037 shares available for repurchase under the Stock Buyback Program. The terms of our ABL Facility limit share repurchases to \$2.5 million per fiscal year provided that we meet certain availability thresholds and do not violate our Fixed Charge Coverage Ratio financial covenant.

Treasury Shares

We had 285,392 treasury shares as of December 31, 2024 and intend to utilize these treasury shares in connection with equity awards under our stock incentive plans and for sales to the Employee Stock Purchase Plan.

CRITICAL ACCOUNTING POLICIES

There have been no material changes in our critical accounting policies from those reported in our fiscal 2024 Annual Report on Form 10-K filed with the SEC. For more information on our critical accounting policies, see Part II, Item 7 of our fiscal 2024 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in market risk faced by us from those reported in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024, filed with the Securities and Exchange Commission. For more information on market risk, see Part II, Item 7A in our fiscal 2024 Annual Report on Form 10-K.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e).

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2024. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level at December 31, 2024.

There have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting during the quarter ended December 31, 2024.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to a number of legal proceedings. See Part I., Item 1. Financial Statements, Note 6 - Commitments and Contingencies, Litigation, for a description of our material ongoing litigation.

Item 1A. Risk Factors

There were no material changes in our Risk Factors from those reported in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

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

Issuer Purchases of Equity Securities

We may repurchase common stock pursuant to the Stock Buyback Program, which was approved by the board of directors in November 2018. Under the program, the aggregate number of shares repurchased may not exceed 2,707,175 shares. As of December 31, 2024, 1,349,037 shares were available for repurchase under the stock buyback program. We may repurchase our stock from time to time in the open market at prevailing market prices or in privately negotiated transactions and are not obligated to purchase any shares. The program will continue unless and until it is modified or revoked by the Board of Directors. The terms of our ABL Facility also limit share repurchases to \$2.5 million per fiscal year provided that we meet certain availability thresholds and we do not violate our Fixed Charge Coverage Ratio financial covenant. We made no repurchases under the stock buyback program in the second quarter of fiscal 2025 and have no current plans to repurchase stock.

Dividend Policy

We have never paid cash dividends on our common stock and the terms of our ABL Facility limit dividends to stock dividends only. Any future dividend payments will depend on the terms of our ABL Facility, our financial condition, capital requirements and earnings as well as other relevant factors.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the Federal Mine Safety and Health Administration. We do not act as the owner of any mines, but as a result of our performing services or construction at mine sites as an independent contractor, we are considered an "operator" within the meaning of the Mine Act.

Information concerning mine safety violations or other regulatory matters required to be disclosed in this quarterly report under Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95.

Item 5. Other Information

Trading Arrangements

During the six months ended December 31, 2024, none of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or Non-Rule 10b5-1, as each term is defined under Item 408(a) of Regulation S-K.

A member of our Board of Directors, Jim Miller, purchased \$5,000 of shares of our common stock through the 2011 Employee Stock Purchase Plan during the quarter ended September 30, 2024 and \$5,000 of shares of our common stock through the 2011 Employee Stock Purchase Plan during the quarter ended December 31, 2024. The 2011 Employee Stock Purchase Plan may be considered a "Non-Rule 10b5-1 trading arrangement" under Item 408 of Regulation S-K.

Amendment of Bylaws

On February 4, 2025, the Board of Directors adopted and approved the Company's Amended and Restated Bylaws (the "Amended and Restated Bylaws"), effective as of such date.

The Amended and Restated Bylaws, among other things:

- Enhance procedural mechanics and disclosure requirements in connection with stockholder nominations of directors and submissions of proposals regarding other business at stockholder meetings, including to define certain terms, to clarify or limit the scope of information required regarding proposing stockholders, proposed nominees and other related persons and to clarify a proposing stockholder's obligation to update its notice;
- Specify the powers of the Board of Directors and the chair of a stockholder meeting to regulate conduct at a meeting and to adjourn a meeting;
- Clarify the power of the Company to hold virtual meetings of stockholders;
- Require director candidates to make themselves available for interviews with members of the Board of Directors;
- Permit special meetings of the Board of Directors to be called on less than 24 hours' notice, if necessary or appropriate; and
- Implement non-substantive, technical, and conforming changes.

The foregoing description of the updated provisions in the Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws, a copy of which is filed hereto as Exhibit 3.2 and incorporated herein by reference.

Item 6. Exhibits:

The following documents are included as exhibits to this Quarterly Report on Form 10-Q. Any exhibits below incorporated by reference herein are indicated as such by the information supplied in the parenthetical hereafter.

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 3.2:	Amended and Restated Bylaws, effective as of February 4, 2025.
Exhibit 31.1:	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 – CEO.
Exhibit 31.2:	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 – CFO.
Exhibit 32.1:	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002) – CEO.
Exhibit 32.2:	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002) – CFO.
Exhibit 95:	Mine Safety Disclosure.
Exhibit 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.
Exhibit 101.SCH:	XBRL Taxonomy Schema Document.
Exhibit 101.CAL:	XBRL Taxonomy Extension Calculation Linkbase Document.
Exhibit 101.DEF:	XBRL Taxonomy Extension Definition Linkbase Document.
Exhibit 101.LAB:	XBRL Taxonomy Extension Labels Linkbase Document.
Exhibit 101.PRE:	XBRL Taxonomy Extension Presentation Linkbase Document.
Exhibit 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURE

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.

Date: February 6, 2025

MATRIX SERVICE COMPANY

By: /s/ Kevin S. Cavanah

Kevin S. Cavanah

Vice President and Chief Financial Officer

**AMENDED AND RESTATED
BYLAWS
OF
MATRIX SERVICE COMPANY**

(Effective February 4, 2025)

ARTICLE I

OFFICES

Section 1. The registered office of Matrix Service Company (the “Corporation”) shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the state of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of Directors shall be held at such place, if any, as may be fixed from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, if any, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Board of Directors may, in its sole discretion, determine that a meeting shall not be held at any place, but shall instead be held solely by means of remote communication in accordance with Section 211(a) of the Delaware General Corporation Law. The Board of Directors may, at any time prior to holding an annual or special meeting of stockholders, and for any reason, cancel, reschedule or postpone any previously scheduled annual or special meeting.

Annual Meetings

Section 2. Annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. At the annual meeting, the stockholders shall elect Directors pursuant to Article III of these Bylaws, and transact such other business as may properly be brought before the meeting. Subject to the rights of the holders of any class or series of stock having preference over the Common Stock of the Corporation, par value \$.01 per share (the “Common Stock”), as to dividends or upon liquidation to elect additional Directors under specified circumstances, a nominee for Director shall be elected to the Board of Directors if the votes cast for such nominee’s election exceed the votes cast against such nominee’s election; provided, however, that Directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (i) the Secretary of the Corporation receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for Director set forth in this Article II and (ii) such nomination has not

been withdrawn by such stockholder on or prior to the record date for such meeting. If Directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote against a nominee. Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for exclusive use by the Board of Directors.

Section 3. Written notice of the annual meeting stating the place, if any, date and hour of the meeting shall be given to each stockholder entitled to a vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 4.

(a) Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of such meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice as provided for in this Section 4 through the time of the annual meeting, and is entitled to vote at such meeting, who attends such meeting in person or by proxy to present such nomination or proposal, and who complies with the notice procedures set forth in this Section 4.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 4(a)(iii) above, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the adjournment, recess, postponement, judicial stay or rescheduling of an annual meeting (or the public announcement thereof) commence a new time period (or extend any time period) for the giving of notice as described above. Such stockholder's notice (whether provided pursuant to this Section 4(b) or Section 6(c)) must set forth:

(i) as to each person, if any, whom the stockholder proposes to nominate for election or reelection as a Director (1) all information relating to such proposed nominee that would be required to be disclosed in a proxy statement in connection with the solicitation of proxies by such stockholder giving notice or any Stockholder Associated Person for the election of Directors in a contested election pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (2) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, (A) between or

among any stockholder giving notice or any Stockholder Associated Person, on the one hand, and such proposed nominee, on the other hand, or (B) that such proposed nominee knows any of such proposed nominee's Associates has with any stockholder giving notice or any Stockholder Associated Person, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K as if the stockholder making the nomination and any Stockholder Associated Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant, (3) the date(s) of first contact between the stockholder giving notice or any Stockholder Associated Person, on the one hand, and the proposed nominee, on the other hand, with respect to any proposed nomination(s) of any person(s) (including the proposed nominee) for election as a Director of the Corporation, (4) such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected, and (5) as an appendix, (A) attaching a completed stockholder nominee questionnaire (which questionnaire shall be provided by the Corporation within 10 days of the request by any stockholder of record) and (B) a completed and signed written representation and agreement (executed by the nominee in the form provided by the Secretary upon written request by any stockholder of record) that such person (I) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a Director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a Director of the Corporation, with such person's fiduciary duties under applicable law, (II) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director or nominee with respect to the Corporation that has not been disclosed to the Corporation, (III) would be in compliance, if elected as a Director of the Corporation, and will comply with, applicable law, applicable rules of the U.S. exchange upon which the Corporation's shares of Common Stock trade and all applicable publicly disclosed corporate governance, conflict of interest, corporate opportunities, confidentiality and stock ownership and trading policies and guidelines of the Corporation, (IV) will tender, promptly following such person's election or reelection, an irrevocable resignation that would be effective upon (A) such person's failure to receive the required vote for reelection at the next annual meeting at which such person would face reelection and (B) acceptance of such resignation by the Board of Directors, in accordance with the Corporation's policies or guidelines on Director elections and (V) intends to serve a full term if elected as a Director of the Corporation;

(ii) as to any other business that the stockholder proposes to bring before the meeting, (1) a description in reasonable detail of the business desired to be brought before the meeting, (2) the reasons for conducting such business at the meeting and (3) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment); and

(iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder and each Stockholder Associated Person (including, as applicable, as they appear on the Corporation's books), (2) the class and number of shares of capital stock of the Corporation that are owned

beneficially or held of record by such stockholder and each Stockholder Associated Person, (3) the disclosure of any agreements, arrangements or understandings, written or oral, (including any derivative or short positions, profit interests, hedging transactions, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, repurchase agreements or arrangements, borrowed or loaned shares and so-called “stock borrowing” agreements or arrangements) that have been entered into by, or on behalf of, such stockholder or any Stockholder Associated Person, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the price of any securities of the Corporation, or maintain, increase or decrease the voting power of such stockholder or any Stockholder Associated Person with respect to securities of the Corporation, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the Corporation (any of the foregoing, a “Derivative Instrument”), such information to include, and be updated to reflect any material change in, such positions from the period beginning six months prior to the nomination through the time of the annual meeting, (4) a description of all agreements, arrangements or understandings, written or oral, (A) between or among such stockholder and any Stockholder Associated Person or (B) between or among such stockholder or, to the knowledge of such stockholder or such beneficial owner, any Stockholder Associated Person and any other person or entity (naming each such person or entity), in each case, relating to acquiring, holding, voting or disposing of any securities of the Corporation, including any proxy (other than any revocable proxy given in response to a solicitation made pursuant to, and in accordance with, Section 14 of the Exchange Act and the rules promulgated thereunder by way of a solicitation statement filed on Schedule 14A), (5) a representation as to whether such stockholder or any Stockholder Associated Person intends or is part of a group (as such term is used in Rule 13d-5 under the Exchange Act) that intends to solicit proxies in support of the election of any proposed nominee in accordance with Rule 14a-19 under the Exchange Act (“Rule 14a-19”), (6) any Derivative Instruments in or beneficial ownership of any securities of (in each case, with a market value of more than \$100,000) any competitor of the Corporation identified in Part I, Item 1 of the annual report on Form 10-K or amendment thereto most recently filed by the Corporation with the Securities and Exchange Commission or in Item 8.01 of any current report on Form 8-K filed by the Corporation with the Securities and Exchange Commission thereafter but prior to the tenth (10th) day before the deadline for a stockholder’s notice under this [Section 1.16](#) (each, a “Principal Competitor”) held by such stockholder or any Stockholder Associated Person, (7) any direct or indirect interest (other than solely as a result of security ownership) of such stockholder or any Stockholder Associated Person in any agreement with the Corporation, any Affiliate of the Corporation or any Principal Competitor (including any employment agreement, collective bargaining agreement or consulting agreement), (8) to the extent known by the stockholder giving the notice or the beneficial owner, the name and address of any other stockholder providing financial support for any of such stockholder’s nominees for election or reelection as a Director or the proposal of other business on the date of such stockholder’s notice, (9) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) under the Exchange Act or an amendment pursuant to Rule 13d-2(a) under the Exchange Act if such a statement were required to be filed under the Exchange Act by such stockholder or any Stockholder Associated Person with respect to the Corporation (regardless of whether such person or entity is actually required to file a Schedule 13D), including a description of any agreement, arrangement or understanding that would be required to be disclosed by such stockholder or any Stockholder Associated Person pursuant to Item 5 or Item 6 of Schedule 13D, (10) any substantial interest, direct or indirect (including any existing or prospective commercial,

business or contractual relationship with the Corporation), of such stockholder or, to the knowledge of such stockholder or such beneficial owner, any Stockholder Associated Person in the Corporation or any Affiliate thereof or in the proposed business or nomination to be brought before the meeting by such stockholder, other than an interest arising from the ownership of Corporation securities where such stockholder or such Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series, (11) all other information relating to such stockholder giving notice or any Stockholder Associated Person that would be required to be disclosed in a proxy statement in connection with the solicitation of proxies by such stockholder giving notice or any Stockholder Associated Person in support of the business proposed by such stockholder giving notice, if any, or for the election of any proposed nominee in a contested election or otherwise pursuant to Regulation 14A under the Exchange Act, (12) a representation that the stockholder proposing such business or making such nomination intends to appear in person (including virtually in the case of a meeting conducted solely by means of remote communication) or by proxy at the meeting to propose such business or nomination and an acknowledgment that, if such stockholder (or a duly authorized officer, manager or partner of such of such stockholder) does not appear to present such business or proposed nominees, as applicable, at such meeting, the Corporation need not present such business or proposed nominees for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation, and (13) in the case of a proposal nominating persons for election to the Board of Directors for which such stockholder or any Stockholder Associated Person intends or is part of a group (as such term is used in Rule 13d-5 under the Exchange Act) that intends to solicit proxies in support of the election of any proposed nominee in accordance with Rule 14a-19, a representation that such stockholder giving the notice or Stockholder Associated Persons intend to solicit the holders of shares representing at least 67% of the voting power of the shares entitled to vote on the election of directors in support of director nominees other than the Corporation's nominees; provided, however, that the disclosures described in the foregoing subclauses (1) through (13) shall not include any such disclosures with respect to the ordinary course business activities of any depositary or any broker, dealer, commercial bank, trust company or other nominee who is a stockholder providing notice pursuant to this Section 4(b) solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner (any such entity, an "Exempt Party"). The Corporation may require the stockholder providing notice to furnish such other information as may reasonably be required by the Corporation to determine the eligibility, suitability or qualifications of a proposed nominee to serve as a Director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(c) Any stockholder that provides notice pursuant to Rule 14a-19(b) or that includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such stockholder shall provide written notification to the Secretary of the Corporation promptly, but in no event later than two (2) business days, following failure by the stockholder to comply with the requirements of Rule 14a-19(a)(2), or any change in such stockholder's intent to solicit proxies from the holders of shares representing at least 67% of the voting power of shares entitled to vote on the election of directors in support of director nominees other than the Corporation's nominees or with respect to the names of such stockholder's nominees.

(d) Upon request by the Corporation, any stockholder that provides notice pursuant to Rule 14a-19(b) or that includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such stockholder shall deliver to the Corporation, no later than seven (7) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19, including Rule 14a-19(a)(3), for any nominees proposed for election by such stockholder. If any stockholder provides notice pursuant to Rule 14a-19(b) (or includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such stockholder) with respect to any proposed nominee, and subsequently fails to comply with the requirements of Rule 14a-19(a)(2) or Rule 14a-19(a)(3) (or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such stockholder or other person has met the requirements of Rule 14a-19, including Rule 14a-19(a)(3), in accordance with the preceding sentence), then notwithstanding anything to the contrary, unless otherwise required by law, the nomination of each such proposed nominee shall be disregarded, notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Corporation (which proxies and votes shall be disregarded).

(e) The Board of Directors may reject any nomination by a stockholder not timely made in accordance with the requirements of this Article II, Section 4 and the requirements of state law or the federal securities laws, regulations and rules, including Rule 14a-19. The chair of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not in compliance with the procedures prescribed by these Bylaws or the federal securities laws, regulations and rules, including Rule 14a-19, and if such chair of the meeting should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded, notwithstanding that proxies with respect to such nomination may have been received by the Corporation. Subject to Rule 14a-8; nothing in these Bylaws shall be construed to permit any stockholder, or give any stockholder the right to include or have disseminated or described in any proxy materials relating to the Corporation's next annual meeting or special meeting, as applicable, any nomination of a director or directors.

(f) Only such persons who are nominated in accordance with the procedures set forth in this Section 4 (annual meetings) and Section 6 (special meetings) shall be eligible to serve as Directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 4 (annual meetings) and Section 6 (special meetings). Except as otherwise provided by law, the certificate of incorporation or these Bylaws, the Board of Directors or the chair of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 4 (annual meetings) and Section 6 (special meetings), and, if the Board of Directors or the chair of the meeting determines that any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded, notwithstanding that proxies with respect to such proposed nomination or business may have been received by the Corporation.

(g) For purposes of this Section 4 and Section 6, the terms "Affiliate" and "Associate" shall have the respective meanings set forth in Rule 12b-2 under the Exchange Act.

(h) For purposes of this Section 4 and Section 6, the term “public announcement” shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(i) For purposes of this Section 4 and Section 6, the term “Stockholder Associated Person” of any stockholder shall mean (i) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is an Exempt Party), (ii) any person or entity who is a member of a group (as such term is used in Rule 13d-5 under the Exchange Act) with such stockholder or such beneficial owner with respect to acquiring, holding, voting or disposing of any securities of the Corporation, (iii) any Affiliate or Associate of such stockholder (other than a stockholder that is an Exempt Party), any participant (as defined in Instruction 3 to Item 4 of Schedule 14A under the Exchange Act) with such stockholder or such beneficial owner with respect to any proposed business or nomination, as applicable, under these Bylaws and (iv) any proposed nominee included in such stockholder’s notice.

(j) For purposes of these Bylaws, shares shall be treated as “beneficially owned” by a person if the person beneficially owns such shares, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder or has or shares pursuant to any agreement, arrangement or understanding (whether or not in writing): (i) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both), (ii) the right to vote such shares, alone or in concert with others and/or (iii) investment power with respect to such shares, including the power to dispose of, or to direct the disposition of, such shares.

(k) In addition to complying with the foregoing provisions of this Section 4 or Section 6, a stockholder shall also comply with all applicable requirements of state law and the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. If information submitted pursuant to this Section 4 or Section 6 by any stockholder proposing a nominee for election as a Director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with these Bylaws. Any such stockholder shall notify the Corporation of any material inaccuracy or change (within two business days of becoming aware of such inaccuracy or change) in any such information, and any such notification shall clearly identify the inaccuracy or change, it being understood that no such notification may cure any deficiencies or inaccuracies with respect to any prior submission by such stockholder. Upon written request by the Secretary or the Board of Directors (or a duly authorized committee thereof), any such stockholder shall provide, within five business days of delivery of such request (or such other period as may reasonably be specified in such request), written verification, reasonably satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 4 or Section 6. A stockholder shall update such stockholder’s notice provided under the foregoing provisions of this Section 4, if necessary, such that the information provided or required to be provided in such notice shall be true and correct in all material respects as of (i) the record date for determining the stockholders entitled to receive notice of the meeting and (ii) the date that is ten (10) business days prior to the meeting (or any postponement,

rescheduling or adjournment thereof), and such update shall (A) be received by the Secretary at the principal executive offices of the Corporation (x) not later than the close of business five (5) business days after the record date for determining the stockholders entitled to receive notice of such meeting (in the case of an update required to be made under clause (i)) and (y) not later than the close of business seven (7) business days prior to the date of the meeting or, if practicable, any postponement, rescheduling or adjournment thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been postponed, rescheduled or adjourned) (in the case of an update required to be made pursuant to clause (ii)), (B) be made only to the extent that information has changed since such stockholder's prior submission and (C) clearly identify the information that has changed in any material respect since such stockholder's prior submission. For the avoidance of doubt, any information provided pursuant to this Section 4(k) shall not be deemed to cure any deficiencies or inaccuracies in a notice previously delivered pursuant to this Section 4 and shall not extend the time period for the delivery of notice pursuant to this Section 4. If a stockholder fails to provide any notification of material inaccuracy or change, requested written verification or update in accordance with the foregoing provisions of this Section 4(k), the information as to which such written update relates may be deemed not to have been provided in accordance with this Section 4. Nothing in this Section 4 or Section 6 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. In order to include information with respect to a stockholder proposal in the proxy statement for a meeting of stockholders, stockholders must provide notice as required by Rule 14a-8 under the Exchange Act and otherwise satisfy its requirements.

Stock Ledger

Section 5. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (*provided; however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing in this Article II, Section 5 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at ten (10) days ending on the day before the meeting date, either (a) on a reasonably accessible electronic network, *provided* that the information required to gain access to the list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the Corporation. In the event the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Article II, Section 5 or to vote in person or by proxy at any meeting of the stockholders. Notwithstanding the foregoing, the Corporation may maintain and authorize examination of the list of stockholders in any manner expressly permitted by the Delaware General Corporation Law at the time.

Special Meetings

Section 6.

(a) Special meetings of the stockholders for any purpose may be called only by the Chair of the Board of Directors and shall be called within 10 days after receipt of the written request of the Board of Directors, pursuant to a resolution approved by a majority of the entire Board of Directors. The business permitted to be conducted at any special meeting of the stockholders is limited to the business brought before the meeting by the Chair of the Board of Directors or by the Secretary at the request of a majority of the entire Board of Directors.

(b) Written notice of a special meeting stating the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which Directors are to be elected pursuant to the Corporation's notice of such meeting (i) by or at the direction of the Board of Directors or (ii) provided that the Board of Directors has determined that Directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting through the time of the special meeting, who shall be entitled to vote at the meeting, who attends such meeting in person or by proxy to present such nomination, and who complies with the notice procedures set forth in this Section 6(c) and Section 4. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more Directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if (1) the stockholder's notice required by Section 4(b) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the date of the first public announcement of the date of the special meeting and (2) the stockholder has complied in all respects with the provisions of Article II, Section 4 regarding the nominations of persons to the Corporation's Board of Directors.

Quorum

Section 7.

(a) The holders of a majority of the issued and outstanding Voting Stock (as defined below), present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, either the chair of the meeting or the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

(b) For the purpose of these Bylaws, "Voting Stock" shall mean the shares of capital stock of the Corporation entitled to vote generally in the election of Directors. In any vote

required by or provided for in these Bylaws, each share of Voting Stock shall have the number of votes granted to it generally in the election of Directors.

Adjournment

Section 8. Any stockholders' meeting may be adjourned from time to time (including an adjournment to address a technical failure to convene or continue a meeting using remote communication) by (a) the vote of the holders of a majority of the voting shares present at the meeting either in person or by proxy, or (b) the chair of the meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, date and place thereof are (i) announced at the meeting at which the adjournment is taken, (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication, or (iii) set forth in the notice of meeting given in accordance with Section 222(a) of the Delaware General Corporation Law. At such adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. The chair of the meeting shall have the power to adjourn or recess any annual or special meeting of the stockholders, at any time and for any reason, whether or not there is a quorum, without notice other than announcement at the meeting.

Vote Required

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the issued and outstanding Voting Stock present in person or represented by proxy shall decide any question brought before such meeting, except as provided to the contrary by statute, the Corporation's certificate of incorporation or these Bylaws.

One Vote Per Share

Section 10. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

No Written Consent in Lieu of Meeting

Section 11. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing of such stockholders.

Presiding Officer

Section 12. At each meeting of stockholders, the Chair of the Board of Directors shall preside as "chair of the meeting," unless unavailable, in which case the chief executive officer of the Corporation shall preside as so preside, unless unavailable, in which case a Director or officer

designated by the Board of Directors shall so preside. The Secretary shall keep records, and in the absence of either such officer, his duty shall be performed by a Director or officer appointed at the meeting of stockholders by the chair of the meeting.

Rules of Conduct at Meetings of Stockholders

Section 13. The Board of Directors shall be entitled to make such rules and regulations for the conduct of meetings of the stockholders as it shall deem necessary, appropriate or convenient. Except to the extent inconsistent with such rules and regulations, if any, as adopted by the Board of Directors, the chair of any meeting of stockholders shall have the right and authority to prescribe such rules and procedures and to do all such acts as, in the judgment of such chair of the meeting, are necessary, appropriate or convenient for the proper conduct of the meeting. Such rules or procedures, whether adopted by the Board of Directors or prescribed by the chair of the meeting, may include the following: (a) determination of the order of business and the procedures for the meeting; (b) regulation of the time and manner of voting, including the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (c) rules and procedures for maintaining order at the meeting and the safety of those present; (d) limitations on participation in such meeting to stockholders of record and their duly appointed proxies and such other persons as the chair of the meeting shall permit; (e) restrictions on entry to the meeting after the time fixed for the commencement of the meeting; (f) limitations on the time allotted to questions or comments by participants; (g) removal of any stockholder or any other individual who refuses to comply with meeting rules or procedures; (h) restrictions on the use of audio or video recording devices, cell phones and other electronic devices; (i) rules, regulations or procedures for compliance with any state or local laws or regulations including those concerning safety, health and security; (j) procedures (if any) requiring attendees to provide the Corporation advance notice of their intent to attend the meeting and (k) any rules, regulations or procedures as the chairperson may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting, whether such meeting is to be held at a designated place or solely by means of remote communication. The Board of Directors or the chair of a stockholder meeting, in addition to making any other determinations that may be appropriate regarding the conduct of the meeting, shall determine and declare to the meeting that a matter of business was not properly brought before the meeting, and, if the chair of the meeting (or the Board of Directors) should so determine, the chair of the meeting (or the Board of Directors) shall so declare to the meeting and any such matter of business not properly brought before the meeting shall not be transacted or considered.

ARTICLE III

DIRECTORS

Number, Classification, Removal

Section 1. The number of Directors shall be fixed from time to time by the Board of Directors, but shall not be less than 3 nor more than 15 persons. The Directors shall be elected at the annual meeting of the stockholders in accordance with the provisions of Section 4 of Article II, and each Director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders. No person shall be eligible for election or appointment as a

director unless such person has, within ten (10) days following any reasonable request therefor from the Board of Directors or any committee thereof, made himself or herself available to be interviewed by the Board of Directors (or any committee or other subset thereof) with respect to such person's qualifications to serve as a director or any other matter reasonably related to such person's candidacy as a director of the Corporation.

Section 2. Subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional Directors under specified circumstances, newly created directorships resulting from any increase in the number of Directors and any vacancy on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been elected and qualified. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of an incumbent Director. The number of directors that constitutes the entire Board of Directors shall be automatically reduced, without any further action by the Board of Directors, to eliminate any vacancy on the Board of Directors (other than a vacancy resulting from an increase in the number of Directors) immediately upon the occurrence of such vacancy, but not to fewer directors than required by the Delaware General Corporation Law, the certificate of incorporation or these Bylaws.

Section 3. Subject to the rights of the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation to elect additional Directors under specified circumstances, any Director may be removed from office with or without cause by the stockholders in the manner provided in this Section 3. At any annual meeting of the stockholders of the Corporation or at any special meeting of the stockholders of the Corporation, the notice of which shall state that the removal of a Director or Directors is among the purposes of the meeting, the affirmative vote of the holders of a majority of the combined voting power of the outstanding shares of Voting Stock, voting together as a single class, may remove such Director or Directors.

Section 4. The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Meetings of the Board of Directors

Section 5. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. Meetings of the Board of Directors may be held at such time and place as shall be specified in a notice given in the manner hereinafter provided, or as shall be specified in a written waiver signed by all of the Directors.

Section 7. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 8. Special meetings of the Board of Directors may be called by the Chair of the Board of Directors, the chief executive officer of the Corporation or by two or more of the Directors. Notice of the time and place, if any, of all special meetings of the Board of Directors shall be made orally or in writing, including a voice messaging system or other system or technology designed to record and communicate messages, or by electronic mail or other electronic means, during normal business hours, at least 24 hours before the date and time of the meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 9. Except as provided in these Bylaws to the contrary, at all meetings of the Board of Directors a majority of the total number of Directors shall constitute a quorum for the transaction of business and the vote of a majority of the Directors entitled to vote and present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the certificate of incorporation shall require a vote of a greater number. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 10. Unless otherwise restricted by the certificate of incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 11. At all meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the Chair of the Board of Directors shall preside, and in his absence a person shall be chosen by the Board of Directors from among the Directors present to act as chair of the meeting.

The Secretary of the Corporation shall act as Secretary of the meeting of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

Committees of Directors

Section 12. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one (1) or more of the Directors of the Corporation. The Board of Directors may designate one (1) or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence of disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified

member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority 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; but no such committee shall have the power or authority in reference to amending the certificate of incorporation (except pursuant to a resolution relating to the issuance of capital stock pursuant to Section 151 of Title 8 of the Delaware General Corporation Law); adopting an agreement of merger or consolidation; recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets; recommending to the stockholders the dissolution of the Corporation or a revocation of a dissolution; or amending these Bylaws and, unless the resolution or certificate of incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such members as may be determined from time to time by resolution adopted by the Board of Directors.

Section 13. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors.

Compensation of Directors Section 14. The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

NOTICES

Section 1. Whenever notice is required to be given to any Director or stockholder pursuant to a statutory provision or the certificate of incorporation or these Bylaws, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such Director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notices to Directors may also be given by the means set forth in Article III, Section 8 of these Bylaws.

Section 2. Whenever notice is required to be given pursuant to a statutory provision or the certificate of incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the Corporation shall be chosen by the Board of Directors and shall be a chief executive officer, a president, a vice president, a secretary and a treasurer. The Board of Directors may also choose additional vice presidents and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these Bylaws otherwise provide.

Section 2. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 3. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 4. The officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

The Chief Executive Officer

Section 5. The chief executive officer of the Corporation shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of this Corporation. He shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The President

Section 6. The president shall be responsible for the day-to-day operations of the Corporation and shall have the authority to execute all documents and instruments necessary to carry out such operations. He shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Vice Presidents

Section 7. In the absence of the president or in the event of his inability or refusal to act, the Board of Directors shall be empowered to choose a vice president or vice presidents who shall perform the duties of the president, and, when so acting, such vice president or vice presidents shall have all the powers of and be subject to all the restrictions upon the president. Vice presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Secretary and the Assistant Secretary

Section 8. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing thereof by his signature.

Section 9. The assistant secretary (or if there be more than one, the assistant secretaries in the order determined by the Board of Directors, or, if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Treasurer and Assistant Treasurer

Section 10. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, paper, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 11. The assistant treasurer (or, if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors, or, if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. The shares of the Corporation's stock may be certificated or uncertificated, as provided under Delaware law, and shall be entered in the books of the Corporation and registered

as they are issued. Any certificates representing shares of stock shall be signed by, or in the name of the Corporation by, the president or a vice president and the treasurer or an assistant treasurer, or the Secretary or an assistant secretary of the Corporation, certifying the number and class of shares of stock of the Corporation owned by the holder thereof. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Where a certificate is countersigned (1) by a transfer agent other than the Corporation or its employee, or, (2) by a registrar other than the Corporation or its employee, any other signature on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Lost Certificates

Section 3. The Board of Directors may issue a certificate or certificates or uncertificated shares in place of any certificate(s) theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate(s) of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate(s), or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate(s) alleged to have been lost, stolen or destroyed.

Transfers of Stock

Section 4. Transfers of shares may be made only by the record holder of such shares, or by an attorney lawfully constituted in writing, which transfer shall be made on the books of the Corporation, and, in the case of shares represented by a certificate, such transfer may only be made upon surrender of the certificate to the Corporation. The Corporation shall cancel any such surrendered certificate.

Fixing Record Date

Section 5. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Registered Stock Holders

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

GENERAL PROVISIONS

Dividends

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meetings, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

Annual Statement

Section 3. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

Checks

Section 4. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Fiscal Year

Section 5. The fiscal year of the Corporation shall begin on the first day of July of each year and end on the last day of June of each year, unless otherwise determined by the Board of Directors.

Seal

Section 6. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise placed thereon.

Interested Directors and Officers

Section 7.

(a) No contract or transaction between a Corporation and one or more of its Directors or officers, or between a Corporation and any other Corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purposes, if;

(i) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or

(ii) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon; and the contract for transaction is specifically approved in good faith by vote of the stockholders; or

(iii) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders.

(b) Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Exclusive Forum

Section 8. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Director or officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any Director or officer or other employee of the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the certificate of incorporation or these Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the Corporation or any Director or officer or other employee of the Corporation governed by the internal affairs doctrine shall, in each case, be the Court of Chancery in the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware). If any action the subject matter of which is within the scope of the preceding sentence is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the preceding sentence and (ii) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 8 of Article VII. The existence of any prior consent to an alternative forum shall not act as a waiver of the Corporation's ongoing consent right as set forth above in this Section 8 of Article VII with respect to any current or future actions or claims.

ARTICLE VIII

AMENDMENTS

Section 1. These Bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the Board of Directors at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new bylaws are contained in the notice of such special meeting. These Bylaws may also be amended in accordance with any other provision of these Bylaws.

ARTICLE IX

INDEMNIFICATION AND INSURANCE

Indemnification

Section 1.

(a) Subject to Section 3 of this Article IX, the Corporation shall indemnify, to the full extent that it shall have power under applicable law to do so and in a manner permitted by such law, any person made or threatened to be made a party to any threatened, pending, or completed action, lawsuit, or proceeding, whether civil, criminal, administrative, or investigative (a "proceeding"), by reason of the fact that such person is or was a Director or officer of the

Corporation or is or was serving at the request of Corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (collectively, “another enterprise”).

(b) The Corporation may indemnify, to the full extent that it shall have power under applicable law to do so and in a manner permitted by such law, any person made or threatened to be made a party to any proceeding, by reason of the fact that such person is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as an employee or agent of another enterprise.

Advancement of Expenses

Section 2.

(a) Subject to Section 3 of this Article IX, with respect to any person made or threatened to be made a party to any threatened, pending, or completed proceeding, by reason of the fact that such person is or was a Director or officer of the Corporation or is or was serving at the request of the Corporation as a Director or officer of another enterprise, the Corporation shall pay the expenses (including attorneys’ fees) incurred by such person in defending any such proceeding in advance of its final disposition (an “advancement of expenses”); provided, however, that any advancement of expenses shall be made only upon receipt of a written agreement by such person to repay all amounts advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such person is not entitled to be indemnified for such expenses under this Article IX or otherwise.

(b) With respect to any person made or threatened to be made a party to any proceeding, by reason of the fact that such person is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee or agent of another enterprise, the Corporation may, in its discretion and upon such terms and conditions, if any, as the Corporation deems appropriate, pay the expenses (including attorneys’ fees) incurred by such person in defending any such proceeding in advance of its final disposition.

Actions Initiated Against the Corporation

Section 3. Notwithstanding anything contained in Section 1(a) or Section 2(a) of this Article IX to the contrary, and except as provided in Section 5(b) of this Article IX with respect to a proceeding initiated against the Corporation by a Director or officer of the Corporation (or by a person serving at the request of the Corporation as a Director or officer of another enterprise), the Corporation shall not be required to indemnify or to advance expenses (including attorneys’ fees) to such person in connection with prosecuting the proceeding (or part thereof) or in defending any counterclaim, cross-claim, affirmative defense or like claim of the Corporation in such proceeding (or part thereof) unless the proceeding was authorized by the Board of Directors.

Contract Rights

Section 4. With respect to any person made or threatened to be made a party to any proceeding, by reason of the fact that the person is or was a Director or officer of the Corporation

or is or was serving at the request of the Corporation as a Director or officer of another enterprise, the rights to indemnification and to the advancement of expenses conferred in Sections 1(a) and 2(a) of this Article IX shall be contract rights. Any amendment, repeal, modification, or adoption of any provision inconsistent with this Article IX shall not adversely affect any right to indemnification or advancement of expenses granted to any person pursuant to this Article IX with respect to any act or omission of the person occurring prior to the time of such amendment, repeal, modification, or adoption (regardless of whether the proceeding relating to such acts or omissions is commenced before or after the time of such amendment, repeal, modification, or adoption).

Claims

Section 5.

(a) If a claim under Section 1(a) of this Article IX with respect to any right to indemnification is not paid in full by the Corporation within 60 days after a written demand has been received by the Corporation or a claim under Section 2(a) of this Article IX with respect to any right to the advancement of expenses is not paid in full by the Corporation within 20 days after a written demand has been received by the Corporation, then the person seeking to enforce a right to indemnification or to an advancement of expenses may at any time thereafter bring a lawsuit against the Corporation to recover the unpaid amount of the claim.

(b) If successful in whole or in part in any lawsuit brought pursuant to Section 5(a) of this Article IX, or in a lawsuit brought by the Corporation to recover an advancement of expenses, the person seeking to enforce a right to indemnification or an advancement of expenses or the person from whom the Corporation sought to recover an advancement of expenses shall be entitled to be paid by the Corporation the reasonable expenses (including attorneys' fees) of prosecuting or defending such lawsuit.

(c) In any lawsuit brought by a person seeking to enforce a right to indemnification (but not a lawsuit brought by a person seeking to enforce a right to an advancement of expenses), it shall be a defense that the person seeking to enforce a right to indemnification has not met any applicable standard for indemnification under applicable law. With respect to any lawsuit brought by a person seeking to enforce a right to indemnification or right to advancement of expenses, or any lawsuit brought by the Corporation to recover an advancement of expenses, neither the failure of the Corporation to have made a determination prior to commencement of such lawsuit that indemnification of such person is proper in the circumstances because such person has met the applicable standards of conduct under applicable law, nor an actual determination by the Corporation that such person has not met such applicable standards of conduct, shall create a presumption that such person has not met the applicable standards of conduct or, in a case brought by such person seeking to enforce a right to indemnification, be a defense to such lawsuit.

(d) In any lawsuit brought by a person seeking to enforce a right to indemnification or to an advancement of expenses or by the Corporation to recover an advancement of expenses, the burden shall be on the Corporation to prove that the person seeking to enforce a right to indemnification or to an advancement of expenses or the person

from whom the Corporation seeks to recover an advancement of expenses is not entitled to be indemnified, or to such an advancement of expenses, under this Article IX or otherwise.

Determination of Entitlement to Indemnification

Section 6. Any indemnification required or permitted under this Article IX (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former Director, officer, employee, or agent is proper in the circumstances because he or she has met all applicable standards of conduct set forth in this Article IX and Section 145 of the Delaware General Corporation Law. Such determination shall be made, with respect to a person who is a Director or officer of the Corporation at the time of the determination: (1) by a majority vote of the Directors who are not parties to such action, lawsuit or proceeding, even though less than a quorum; (2) by a committee of such Directors designated by majority vote of such Directors, even though less than a quorum; (3) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion; or (4) by the stockholders. Such determination shall be made, with respect to any person who is not a Director or officer of the Corporation at the time of such determination, in the manner determined by the Board of Directors (including in such manner as may be set forth in any general or specific action of the Board of Directors applicable to indemnification claims by such person) or in the manner set forth in any agreement to which such person and the Corporation are parties.

Non- Exclusive Rights

Section 7. The indemnification and advancement of expenses provided in this Article IX shall not be deemed exclusive of any other rights to which any person may be entitled under any bylaw, agreement, vote of stockholders or disinterested Directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such Director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

Insurance

Section 8. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article IX or otherwise.

Severability

Section 9. If any provision or provisions of this Article IX shall be held to be invalid, illegal, or unenforceable for any reason whatsoever: (1) the validity, legality, and enforceability of the remaining provisions of this Article IX (including, without limitation, each portion of any paragraph or clause containing any such provision held to be invalid, illegal, or unenforceable, that is not itself held to be invalid, illegal, or unenforceable) shall not in any way be affected or

impaired; and (2) to the fullest extent possible, the provisions of this Article IX (including, without limitation, each such portion of any paragraph or clause containing any such provision held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

CERTIFICATIONS

I, John R. Hewitt, certify that:

1. I have reviewed this quarterly Report on Form 10-Q of Matrix Service Company;
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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: February 6, 2025

/s/ John R. Hewitt

John R. Hewitt

President and Chief Executive Officer

CERTIFICATIONS

I, Kevin S. Cavanah, certify that:

1. I have reviewed this quarterly Report on Form 10-Q of Matrix Service Company;
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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: February 6, 2025

/s/ Kevin S. Cavanah

Kevin S. Cavanah

Vice President and Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant
Section 906 of Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Matrix Service Company (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Hewitt, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

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

Date: February 6, 2025

/s/ John R. Hewitt

John R. Hewitt

President and Chief Executive Officer

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant
Section 906 of Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Matrix Service Company (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin S. Cavanah, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

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

Date: February 6, 2025

/s/ Kevin S. Cavanah

Kevin S. Cavanah

Vice President and Chief Financial Officer

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the federal Mine Safety and Health Administration ("MSHA"). We do not act as the owner of any mines, but as a result of our performing services or construction at mine sites as an independent contractor, we are considered an "operator" within the meaning of the Mine Act. The mine data retrieval system maintained by MSHA may show information that is different than what is provided herein. Any such difference may be attributed to the need to update that information on MSHA's system and/or other factors.

The following table provides information for the three months ended December 31, 2024:

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations ⁽¹⁾	Section 104(b) Orders ⁽²⁾	Section 104(d) Citations and Orders ⁽³⁾	Section 110(b) (2) Violations ⁽⁴⁾	Section 107(a) Orders ⁽⁵⁾	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) ⁽⁶⁾ (yes/no)	Received Notice of Potential to Have Pattern of Violations Under Section 104(e) ⁽⁷⁾ (yes/no)	Total Number of Legal Actions Pending as of Last Day of Period	Total Number of Legal Actions Initiated During Period	Total Number of Legal Actions Resolved During Period
None	—	—	—	—	—	—	—	N/A	N/A	—	—	—

- (1) The total number of citations issued under section 104 of the Mine Act for violations of mandatory health or safety standards that could significantly and substantially contribute to a serious injury if left unabated.
- (2) The total number of orders issued under section 104(b) of the Mine Act, which represents a failure to abate a citation under section 104(a) within the period of time prescribed by MSHA.
- (3) The total number of citations and orders issued by MSHA under section 104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.
- (4) The total number of flagrant violations identified under section 110(b)(2) of the Mine Act.
- (5) The total number of orders issued under section 107(a) of the Mine Act for situations in which MSHA determined an imminent danger existed.
- (6) A written notice from the MSHA regarding a pattern of violations under section 104(e) of the Mine Act.
- (7) A written notice from the MSHA regarding a potential to have a pattern of violations under section 104(e) of the Mine Act.