

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended
September 30, 2025
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 Number 001-34279



GULF ISLAND FABRICATION, INC.
(Exact name of registrant as specified in its charter)

LOUISIANA 72-1147390
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
2170 BUCKTHORNE PLACE, SUITE 420 77380
(Address of principal executive offices) (Zip Code)
(713) 714-6100
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	GIFI	NASDAQ

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 (§232.405 of this chapter) 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging Growth Company	☐

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

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

The number of shares of the registrant's common stock, no par value per share, outstanding as of October 31, 2025, was 15,998,611.

GULF ISLAND FABRICATION, INC.
QUARTERLY REPORT ON FORM 10-Q FOR
THE FISCAL QUARTER ENDED SEPTEMBER 30, 2025

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GLOSSARY OF TERMS

As used in this report filed on Form 10-Q for the quarter ended September 30, 2025 (“this Report”), the following abbreviations and terms have the meanings listed below. In addition, the terms “Gulf Island,” “the Company,” “we,” “us” and “our” refer to Gulf Island Fabrication, Inc. and its consolidated subsidiaries, unless the context clearly indicates otherwise. Certain terms defined below may be redefined separately within this Report when we believe providing a definition in connection with the use of the term will assist users of this Report. Unless and as otherwise stated, any references in this Report to any agreement means such agreement and all schedules, exhibits and attachments in each case as amended, restated, supplemented or otherwise modified to the date of filing this Report.

<i>2024 Annual Report</i>	Our annual report for the year ended December 31, 2024, filed with the SEC on Form 10-K on March 5, 2025.
<i>2024 Financial Statements</i>	Our Financial Statements for the year ended December 31, 2024 and related notes, included in our 2024 Annual Report.
<i>Acquisition Date</i>	Collectively, the effective dates for the acquisition of the Automation Business of May 12, 2025 and the Engineering Business and Government Business of June 16, 2025.
<i>Alliance</i>	Alliance 2000, Ltd., a creditor of Englobal.
<i>Alliance Loan</i>	A \$2.4 million senior secured loan of Alliance due from Englobal, which was assumed by us effective April 10, 2025, in connection with the Alliance Payment.
<i>Alliance Payment</i>	A \$1.5 million cash payment to Alliance in exchange for the Alliance Loan.
<i>Asset Purchase Agreement</i>	Agreement entered into effective April 15, 2025, as amended May 19, 2025, pursuant to which we acquired the Englobal Business.
<i>ASU</i>	Accounting Standards Update.
<i>Automation Business</i>	Certain assets of Englobal’s automation business, acquired pursuant to the Asset Purchase Agreement.
<i>Balance Sheet</i>	Our Consolidated Balance Sheets, as filed in this Report.
<i>Bankruptcy Court</i>	The U.S. Bankruptcy Court for the Southern District of Texas, Houston Division.
<i>Board</i>	Board of Directors of Gulf Island Fabrication, Inc.
<i>contract assets</i>	Costs and estimated earnings recognized to date in excess of cumulative billings.
<i>contract liabilities</i>	Cumulative billings in excess of costs and estimated earnings recognized to date and accrued contract losses.
<i>Corporate Division</i>	Our Corporate reportable segment.
<i>cost-reimbursable</i>	Work is performed and billed to the customer at cost plus a profit margin or other variable fee arrangements which can include a mark-up.
<i>DIP Credit Agreement</i>	A senior secured, super-priority debtors-in-possession credit agreement effective March 5, 2025, as amended May 12, 2025, which provided for loan amounts to Englobal of up to \$3.5 million in the aggregate.
<i>DIP Loan</i>	Advances made by us to Englobal under the DIP Credit Agreement, which totaled \$3.5 million.
<i>DTA(s)</i>	Deferred Tax Asset(s).
<i>Engineering Business</i>	Certain assets of Englobal’s engineering business, acquired pursuant to the Asset Purchase Agreement.
<i>Englobal</i>	ENGlobal Corporation and certain of its subsidiaries.
<i>Englobal Acquisition</i>	The acquisition of the Englobal Business, pursuant to the Asset Purchase Agreement.
<i>Englobal Business</i>	Collectively, the Automation Business, the Engineering Business and the Government Business, acquired pursuant to the Asset Purchase Agreement.
<i>Englobal Chapter 11</i>	Englobal’s filing for chapter 11 bankruptcy relief pending before the Bankruptcy Court, which commenced on March 5, 2025.
<i>EPC</i>	Engineering, Procurement and Construction.

<i>Exchange Act</i>	Securities Exchange Act of 1934, as amended.
<i>Fabrication Division</i>	Our Fabrication reportable segment.
<i>Facilities</i>	Our Houma Facility, Houston Facility and other facilities that support our operations.
<i>FASB</i>	Financial Accounting Standards Board.
<i>Ferry Projects</i>	Contracts and related obligations for our seventy-vehicle ferry and two forty-vehicle ferry projects for our former Shipyard Division operations, which were substantially completed in the fourth quarter 2023 and for which the last warranty period expired in the first quarter 2025.
<i>Financial Statements</i>	Our Consolidated Financial Statements, including comparative consolidated Balance Sheets, Statements of Operations, Statements of Changes in Shareholders' Equity and Statements of Cash Flows, as filed in this Report.
<i>GAAP</i>	Generally Accepted Accounting Principles in the U.S.
<i>Government Business</i>	Certain assets of Englobal's government business, acquired pursuant to the Asset Purchase Agreement.
<i>GOA</i>	Gulf of America (previously referred to as the Gulf of Mexico).
<i>Gulf Coast</i>	Along the coast of the Gulf of America.
<i>Houma Facility</i>	Our owned fabrication and operations facility located in Houma, Louisiana.
<i>Houston Facility</i>	Our leased fabrication and operations facility located in Houston, Texas.
<i>HSR Act</i>	Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.
<i>IES</i>	IES Holdings, Inc.
<i>IES Merger Sub</i>	IES Merger Sub, LLC, a Louisiana limited liability company and wholly owned subsidiary of IES, formed for the sole purpose of the Pending Transaction.
<i>jacket</i>	A component of a fixed platform consisting of a tubular steel braced structure extending from the mudline of the seabed to a point above the water surface. The jacket is anchored with tubular steel piles driven into the seabed. The jacket supports the topside structure located above the water.
<i>labor hours</i>	Hours worked by employees directly involved in the fabrication of our products or delivery of our services.
<i>LC Facility</i>	Our \$10.0 million letter of credit facility with Whitney Bank maturing on June 30, 2026, as amended.
<i>LNG</i>	Liquefied Natural Gas.
<i>Merger Agreement</i>	Agreement and Plan of Merger dated November 7, 2025, by and among IES, the IES Merger Sub and the Company providing for the Pending Transaction.
<i>Mortgage Agreement</i>	Multiple indebtedness mortgage arrangement with Zurich, to secure our obligations and liabilities under our Note Agreement. The mortgage arrangement encumbers the real estate associated with our Houma Facility and includes certain covenants and events of default.
<i>modules</i>	Fabricated structures that include structural steel, piping, valves, fittings, storage vessels and other equipment that are incorporated into a refining, petrochemical, LNG or industrial system.
<i>Note Agreement</i>	Promissory note entered into with Zurich in the fourth quarter 2023, pursuant to which we will pay Zurich \$20.0 million, plus interest at a fixed rate of 3.0% per annum, payable in 15 equal annual installments. The first payment was made on December 30, 2024.
<i>OBBBA</i>	The One Big Beautiful Bill Act enacted on July 4, 2025.
<i>offshore</i>	In unprotected waters outside coastlines.
<i>onshore</i>	Inside the coastline on land.
<i>Pending Transaction</i>	The merger of IES Merger Sub with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of IES, pursuant to the terms and subject to the conditions of the Merger Agreement.

<i>performance obligation</i>	A contractual obligation to construct and transfer a distinct good or service to a customer. It is the unit of account in Topic 606. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.
<i>piles</i>	Rigid tubular pipes that are driven into the seabed to anchor a jacket or to support a structure.
<i>platform</i>	A structure from which offshore oil and gas development drilling and production are conducted.
<i>POC</i>	Percentage-of-completion.
<i>Pro Forma Information</i>	The condensed combined financial information that gives effect to the Englobal Acquisition as if it had occurred on January 1, 2024.
<i>Purchase Price</i>	The DIP Loan amount of \$3.5 million “credit bid” in connection with the Englobal Acquisition.
<i>SEC</i>	U.S. Securities and Exchange Commission.
<i>Services Division</i>	Our Services reportable segment.
<i>Share Repurchase Program</i>	Share repurchase program, as amended, authorizing the repurchase of up to \$10.0 million of our outstanding common stock expiring December 15, 2026, which has been suspended in accordance with certain restrictive covenants in the Merger Agreement.
<i>Shipyard Division</i>	Our former Shipyard reportable segment.
<i>Statement of Cash Flows</i>	Our Consolidated Statements of Cash Flows, as filed in this Report.
<i>Statement of Operations</i>	Our Consolidated Statements of Operations, as filed in this Report.
<i>Statement of Shareholders’ Equity</i>	Our Consolidated Statements of Changes in Shareholders’ Equity, as filed in this Report.
<i>Surety or Sureties</i>	A financial institution that issues bonds to customers on behalf of the Company for the purpose of providing third-party financial assurance related to the performance of our contracts. Payments by the Surety pursuant to a bond in the event of non-performance are subject to reimbursement to the Surety by us under a general indemnity agreement.
<i>T&M</i>	Time and Materials. Work is performed and billed to the customer at contracted time and material rates.
<i>Topic 606</i>	The revenue recognition criteria prescribed under ASU 2014-09, “ <i>Revenue from Contracts with Customers</i> ”.
<i>U.S.</i>	The United States of America.
<i>USL&H</i>	United States Longshoreman and Harbor Workers Act.
<i>Whitney Bank</i>	Hancock Whitney Bank.
<i>Zurich</i>	Fidelity & Deposit Company of Maryland and Zurich American Insurance Company.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

**GULF ISLAND FABRICATION, INC.
CONSOLIDATED BALANCE SHEETS**
(in thousands)

	September 30, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,206	\$ 27,284
Restricted cash	1,197	1,197
Short-term investments	40,156	38,784
Contract receivables and retainage, net	35,686	22,487
Contract assets	11,679	8,611
Prepaid expenses and other assets	3,602	5,139
Inventory	2,716	1,907
Total current assets	118,242	105,409
Property, plant and equipment, net	21,992	24,051
Goodwill	3,606	2,217
Other intangibles, net	821	557
Other noncurrent assets	2,065	982
Total assets	\$ 146,726	\$ 133,216
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 18,067	\$ 5,801
Contract liabilities	981	1,278
Accrued expenses and other liabilities	13,259	13,180
Long-term debt, current	1,117	1,117
Total current liabilities	33,424	21,376
Long-term debt, noncurrent	17,881	17,888
Other noncurrent liabilities	1,117	850
Total liabilities	52,422	40,114
Shareholders' equity:		
Preferred stock, no par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, no par value, 30,000 shares authorized, 15,999 shares issued and outstanding at September 30, 2025 and 16,346 at December 31, 2024	11,308	11,669
Additional paid-in capital	104,816	108,065
Accumulated deficit	(21,820)	(26,632)
Total shareholders' equity	94,304	93,102
Total liabilities and shareholders' equity	\$ 146,726	\$ 133,216

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

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 51,540	\$ 37,640	\$ 129,351	\$ 121,783
Cost of revenue	46,660	32,984	114,295	106,845
Gross profit	4,880	4,656	15,056	14,938
General and administrative expense	3,651	2,985	10,172	9,823
Other (income) expense, net	83	(1)	1,537	(3,548)
Operating income	1,146	1,672	3,347	8,663
Interest (expense) income, net	411	647	1,470	1,792
Income before income taxes	1,557	2,319	4,817	10,455
Income tax (expense) benefit	2	(2)	(5)	(9)
Net income	\$ 1,559	\$ 2,317	\$ 4,812	\$ 10,446
Per share data:				
Basic income per share	\$ 0.10	\$ 0.14	\$ 0.30	\$ 0.64
Diluted income per share	\$ 0.10	\$ 0.14	\$ 0.29	\$ 0.62

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

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
(in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2023	16,258	\$ 11,729	\$ 108,615	\$ (41,373)	\$ 78,971
Net income	—	—	—	6,240	6,240
Stock-based compensation expense	—	50	456	—	506
Repurchases of common stock	(61)	(27)	(246)	—	(273)
Balance at March 31, 2024	16,197	11,752	108,825	(35,133)	85,444
Net income	—	—	—	1,889	1,889
Vesting of restricted stock	319	(118)	(1,065)	—	(1,183)
Stock-based compensation expense	—	54	478	—	532
Balance at June 30, 2024	16,516	11,688	108,238	(33,244)	86,682
Net income	—	—	—	2,317	2,317
Stock-based compensation expense	—	40	366	—	406
Repurchases of common stock	(111)	(61)	(545)	—	(606)
Balance at September 30, 2024	16,405	\$ 11,667	\$ 108,059	\$ (30,927)	\$ 88,799

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2024	16,346	\$ 11,669	\$ 108,065	\$ (26,632)	\$ 93,102
Net income	—	—	—	3,827	3,827
Stock-based compensation expense	—	33	310	—	343
Repurchases of common stock	(86)	(57)	(510)	—	(567)
Balance at March 31, 2025	16,260	11,645	107,865	(22,805)	96,705
Net loss	—	—	—	(574)	(574)
Vesting of restricted stock	218	(86)	(774)	—	(860)
Stock-based compensation expense	—	30	259	—	289
Repurchases of common stock	(437)	(280)	(2,522)	—	(2,802)
Balance at June 30, 2025	16,041	11,309	104,828	(23,379)	92,758
Net income	—	—	—	1,559	1,559
Stock-based compensation expense	—	28	248	—	276
Repurchases of common stock	(42)	(29)	(260)	—	(289)
Balance at September 30, 2025	15,999	\$ 11,308	\$ 104,816	\$ (21,820)	\$ 94,304

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

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 4,812	\$ 10,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,678	3,641
Change in allowance for doubtful accounts and credit losses	1,500	(28)
(Gain) loss on sale or disposal of property and equipment, net	8	(3,942)
Stock-based compensation expense	908	1,444
Changes in operating assets and liabilities:		
Contract receivables and retainage, net	(11,037)	12,822
Contract assets	(2,345)	(3,076)
Prepaid expenses, inventory and other current assets	820	2,401
Accounts payable	11,919	(2,843)
Contract liabilities	(1,735)	(3,991)
Accrued expenses and other current liabilities	(548)	(494)
Noncurrent assets and liabilities, net and other	(366)	(437)
Net cash provided by operating activities	7,614	15,943
Cash flows from investing activities:		
Capital expenditures	(813)	(4,880)
Acquisition of business	(3,500)	—
Purchase of loan	(1,500)	—
Proceeds from sale of property and equipment	11	9,614
Recoveries from insurance claims	—	326
Purchases of short-term investments	(63,792)	(71,744)
Maturities of short-term investments	62,420	35,955
Net cash used in investing activities	(7,174)	(30,729)
Cash flows from financing activities:		
Tax payments for vested stock withholdings	(860)	(1,183)
Repurchases of common stock	(3,658)	(879)
Net cash used in financing activities	(4,518)	(2,062)
Net decrease in cash, cash equivalents and restricted cash	(4,078)	(16,848)
Cash, cash equivalents and restricted cash, beginning of period	28,481	39,651
Cash, cash equivalents and restricted cash, end of period	<u>\$ 24,403</u>	<u>\$ 22,803</u>

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

GULF ISLAND FABRICATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 30, 2025

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Gulf Island Fabrication, Inc. (together with its subsidiaries, “Gulf Island,” “the Company,” “we,” “us” and “our”) is a leading fabricator of complex steel structures, modules and automation systems, and a provider of specialty services, including engineering, project management, commissioning, repair, maintenance, scaffolding, coatings, welding enclosures, cleaning and environmental, and technical field services to the industrial, energy and government sectors. Our customers include U.S. and, to a lesser extent, international energy producers; refining, petrochemical, LNG, industrial and power operators; EPC companies; and federal, state and local governments. We currently operate and manage our business through two operating divisions (“Services” and “Fabrication”) and one non-operating division (“Corporate”), which represent our reportable segments. Our corporate headquarters is located in The Woodlands, Texas and our primary operating facilities are located in Houma, Louisiana (“Houma Facility”) and Houston, Texas (“Houston Facility”). See Note 7 for further discussion of our reportable segments.

Acquisition

During the second quarter 2025, we acquired certain assets of ENGglobal Corporation’s (“Englobal”) automation business (“Automation Business”) effective May 12, 2025, for which the operating results are reflected within our Fabrication Division from the applicable Acquisition Date, and we acquired certain assets of Englobal’s engineering business (“Engineering Business”) and government business (“Government Business” and together with the Automation Business and Engineering Business, the “Englobal Business”) effective June 16, 2025, for which the operating results are reflected within our Services Division from the applicable Acquisition Date. See Notes 3 and 7 for further discussion of the acquisition of the Englobal Business (“Englobal Acquisition”).

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements (“Financial Statements”) reflect all wholly owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation. The Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) for interim financial statements, the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (the “SEC”). Accordingly, the Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the Financial Statements have been included. Operating results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. Our Consolidated Balance Sheet (“Balance Sheet”) at December 31, 2024, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to our 2024 Financial Statements.

Operating Cycle

The duration of our contracts vary, but may extend beyond twelve months from the date of contract award. Consistent with industry practice, assets and liabilities have been classified as current under the operating cycle concept whereby all contract-related items are classified as current regardless of whether cash will be received or paid within a twelve-month period. Assets and liabilities classified as current, which may not be received or paid within the next twelve months, include contract retainage, contract assets and contract liabilities. Variations from normal contract terms may result in the classification of assets and liabilities as long-term.

Use of Estimates

General – The preparation of our Financial Statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We believe our most significant estimates and judgments are associated with:

- revenue recognition for our long-term contracts, including application of the percentage-of-completion (“POC”) method, estimating costs to complete each contract and the recognition of incentives, unapproved change orders, claims (including amounts arising from disputes with customers) and liquidated damages;
- determination of fair value with respect to acquired tangible and intangible assets;
- fair value and recoverability assessments that must be periodically performed with respect to long-lived tangible assets, goodwill and other intangible assets;
- determination of deferred income tax assets, liabilities and related valuation allowances;
- reserves for bad debts and credit losses;
- liabilities related to uninsured losses and deductibles and retentions for insurance coverages; and
- the impacts of volatile oil and gas prices and macroeconomic conditions on our business, estimates and judgments as discussed further below.

If the underlying estimates and assumptions upon which our Financial Statements are based change in the future, actual amounts may differ materially from those included in the Financial Statements.

Oil and Gas Price Volatility and Macroeconomic Conditions – For over a decade, prices of oil and gas have experienced significant volatility, including depressed prices, which negatively impacted certain of our end markets and operating results, and elevated prices, which positively impacted certain of our end markets and operating results. Such volatility has been compounded by geopolitical turmoil and uncertainty. In addition, global economic factors that are beyond our control, have and could continue to impact our operations, including, but not limited to, labor constraints, trade policies (including tariffs) and related market uncertainty, supply chain disruptions, inflationary pressures, economic slowdowns and recessions, natural disasters, public health crises and geopolitical conflicts.

The ultimate business and financial impacts of oil and gas price volatility and macroeconomic conditions on our business and results of operations continues to be uncertain, but the impacts have included, or may continue to include, among other things, reduced bidding activity; suspension or termination of backlog; deterioration of customer financial condition; and unanticipated project costs and schedule delays due to supply chain disruptions, labor and material price increases, lower labor productivity, increased employee and contractor turnover, craft labor hiring challenges, increased safety incidents, lack of performance by subcontractors and suppliers, and contract disputes. We continue to monitor the impacts of oil and gas price volatility and macroeconomic conditions on our operations, and our estimates in future periods will be revised for any events and changes in circumstances arising after the date of this Report.

Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing net income or loss by the weighted average number of common shares outstanding for the period. Diluted income (loss) per share reflects the assumed conversion of dilutive securities in periods in which income is reported. See Note 6 for calculations of our basic and diluted income (loss) per share.

Cash Equivalents and Short-term Investments

Cash Equivalents – We consider investments with original maturities of three months or less when purchased to be cash equivalents. We hold substantially all of our cash deposits with Hancock Whitney Bank (“Whitney Bank”).

Restricted Cash – At September 30, 2025 and December 31, 2024, we had \$1.2 million and \$1.2 million, respectively, of restricted cash as security for letters of credit issued under our letter of credit facility (“LC Facility”) with Whitney Bank. Our restricted cash is held in an interest-bearing money market account with Whitney Bank. The classification of the restricted cash as current or noncurrent is determined by the contractual maturity dates of the letters of credit being secured, with letters of credit having maturity dates of twelve months or less from the balance sheet date classified as current, and letters of credit having maturity dates of longer than twelve months from the balance sheet date classified as noncurrent. See Note 4 for further discussion of our letters of credit and associated security requirements.

Short-term Investments – We consider investments with original maturities of more than three months but less than twelve months to be short-term investments. At September 30, 2025 and December 31, 2024, our short-term investments included U.S. Treasuries with original maturities of approximately four to nine months. We intend to hold these investments until maturity and it is not more likely than not that we will be required to sell the investments prior to their maturity. The investments are stated at amortized costs, which approximates fair value due to their near-term maturities. All short-term investments are traded on active markets with quoted prices and represent Level 1 fair value measurements.

Inventory

Inventory is recorded at the lower of cost or net realizable value determined using the first-in-first-out basis. The cost of inventory includes acquisition costs, production or conversion costs, and other costs incurred to bring the inventory to its current location and condition. Net realizable value is our estimated selling price in the normal course of business, less reasonably predictable costs of completion, disposal and transportation. An allowance for excess or inactive inventory is recorded based on an analysis that considers current inventory levels, historical usage patterns, estimates of future sales and salvage value.

Allowance for Doubtful Accounts and Credit Losses

In the normal course of business, we extend credit to our customers on a short-term basis and contract receivables are generally not collateralized; however, we typically have the right to place liens on our projects in the event of nonpayment by our customers. We provide an allowance for credit losses and routinely review individual contract receivable balances and other financial assets for collectability and make provisions for probable uncollectible amounts as necessary. Among the factors considered in our review are the financial condition of our customer and its access to financing, underlying disputes with the customer, the age and value of the receivable balance, company-specific credit ratings, historical company-specific uncollectable amounts and economic conditions in general. See Note 2 for further discussion of our allowance for doubtful accounts and credit losses.

Stock-Based Compensation

Awards under our stock-based compensation plans are calculated using a fair value-based measurement method. Depending on the terms of the award, we use the straight-line or graded vesting methods to recognize share-based compensation expense over the requisite service period of the award. We recognize the excess tax benefit or tax deficiency resulting from the difference between the deduction we receive for tax purposes and the stock-based compensation expense we recognize for financial reporting purposes created when common stock vests, as an income tax benefit or expense on our Consolidated Statements of Operations (“Statement of Operations”). Tax payments made on behalf of employees to taxing authorities in order to satisfy employee income tax withholding obligations from the vesting of shares under our stock-based compensation plans are classified as a financing activity on our Consolidated Statements of Cash Flows (“Statement of Cash Flows”).

Depreciation and Amortization Expense

Property, plant and equipment are depreciated on a straight-line basis over estimated useful lives ranging from three to 25 years. Ordinary maintenance and repairs, which do not extend the physical or economic lives of the plant or equipment, are charged to expense as incurred. Intangible assets are amortized on a straight-line basis over five to seven years and amortization expense is reflected within general and administrative expense on our Statement of Operations.

Long-Lived Assets

Goodwill – Goodwill is not amortized, but instead is reviewed for impairment at least annually at a reporting unit level, absent any indicators of impairment or when other actions require an impairment assessment (such as a change in reporting units). Our current reporting units with goodwill consist of our Automation Business within our Fabrication Division (with \$1.4 million of goodwill) associated with the Englobal Acquisition and our Services Division as a whole, excluding our Government Business and Engineering Business (with \$2.2 million of goodwill). We perform our annual impairment assessment during the fourth quarter of each year based upon balances as of October 1. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of our reporting unit is greater than its carrying value. If we determine that it is more likely than not that the carrying value of the reporting unit is greater than its fair value, we perform a quantitative impairment test by calculating the fair value of the reporting unit and comparing it to the carrying value of the reporting unit, and we recognize an impairment charge to the extent its carrying value exceeds its fair value. To determine the fair value of our reporting unit and test for impairment, we utilize an income approach (discounted cash flow method) as we believe this is the most direct approach to incorporate the specific economic attributes and risk profile of our reporting unit into our valuation model. We had no indicators of impairment during the nine months ended September 30, 2025. If, based on future assessments, our goodwill is deemed to be impaired, the impairment would result in a charge to our operating results in the period of impairment. See Note 3 for further discussion of the Englobal Acquisition.

Other Long-Lived Assets – Our property, plant and equipment, lease assets (included within other noncurrent assets) and finite-lived intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If a recoverability assessment is required, we compare the estimated future undiscounted cash flow associated with the asset or asset group to its carrying amount to determine if an impairment exists. An asset group constitutes the minimum level for which identifiable cash flows are principally independent of the cash flows of other assets or asset groups. An impairment loss is measured by comparing the fair value of the asset or asset group to its carrying amount and the excess of the carrying amount of the asset or asset group over its fair value is recorded as an impairment charge. Fair value is determined based on discounted cash flows, appraised values or third-party indications of value, as appropriate. We had no indicators of impairment during the nine months ended September 30, 2025.

Leases

We record a right-of-use asset and an offsetting lease liability on our Balance Sheet equal to the present value of our lease payments for leases with an original term of longer than twelve months. We do not record an asset or liability for leases with an original term of twelve months or less and we do not separate lease and non-lease components for our leases. Our lease assets are reflected within other noncurrent assets, and the current and noncurrent portions of our lease liabilities are reflected within accrued expenses and other liabilities, and other noncurrent liabilities, respectively, on our Balance Sheet. For leases with escalations over the life of the lease, we recognize expense on a straight-line basis.

Fair Value Measurements

Fair value determinations for financial assets and liabilities are based on the particular facts and circumstances. Financial instruments are required to be categorized within a valuation hierarchy based upon the lowest level of input that is significant to the fair value measurement. The three levels of the valuation hierarchy are as follows:

- Level 1 – inputs are based upon quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – inputs are based upon model-based valuation techniques for which significant assumptions are generally not observable in the market and typically reflect estimates and assumptions that we believe market participants would use in pricing the asset or liability. These include discounted cash flow models and similar valuation techniques.

The carrying amounts of our financial instruments, including cash and cash equivalents, short-term investments, accounts receivable and accounts payable approximate their fair values. Our fair value assessments for determining the impairments of inventory, goodwill and long-lived assets are non-recurring fair value measurements that fall within Level 3 of the fair value hierarchy. Our fair value assessments for long-term debt are recurring fair value measurements that fall within Level 2 of the fair value hierarchy, and are determined using various methods, including quoted prices for identical or similar securities in both active and inactive markets. See Note 4 for further discussion of our long-term debt.

Revenue Recognition

General – Our revenue is derived from customer contracts and agreements that are awarded on a competitively bid and negotiated basis using a range of contracting options, including fixed-price, unit-rate, time and materials (“T&M”) and cost-reimbursable, or a combination thereof. Our contracts primarily relate to the fabrication of steel structures, modules and automation systems, and certain service arrangements. We recognize revenue from our contracts in accordance with Accounting Standards Update (“ASU”) 2014-09, Topic 606 *“Revenue from Contracts with Customers”* (“Topic 606”).

Topic 606 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, provisions of Topic 606 specify which goods and services are distinct and represent separate performance obligations (representing the unit of account in Topic 606) within a contract and which goods and services (which could include multiple contracts or agreements) should be aggregated. In general, a performance obligation is a contractual obligation to construct and/or transfer a distinct good or service to a customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenue for performance obligations satisfied over time is recognized as the work progresses. Revenue for performance obligations that do not meet the criteria for over time recognition is recognized at a point-in-time when a performance obligation is complete and a customer has obtained control of a promised asset.

Long-term Contracts Satisfied Over Time – Revenue for our long-term contracts is recognized using the POC method based on contract costs incurred to date compared to total estimated contract costs (an input method). Fixed-price contracts, or contracts with a more significant fixed-price component, generally provide us with greater control over project schedule and the timing of when work is performed and costs are incurred, and accordingly, when revenue is recognized. Unit-rate, T&M and cost-reimbursable contracts generally have more variability in the scope of work and provide our customers with greater influence over the timing of when we perform our work, and accordingly, such contracts often result in less predictability with respect to the timing of when revenue is recognized. Contract costs include direct costs, such as materials and labor, and indirect costs attributable to contract activity. Material costs that are significant to a contract and do not reflect an accurate measure of project completion are excluded from the determination of our contract progress. Revenue for such materials is only recognized to the extent of costs incurred. Revenue and gross profit or loss for contracts accounted for using the POC method can be significantly affected by changes in estimated cost to complete such contracts. Significant estimates impacting the cost to complete a contract include: forecast costs of engineering, materials, equipment and subcontracts; forecast costs of labor and labor productivity; schedule durations, including subcontractor and supplier progress; contract disputes, including claims; achievement of contractual performance requirements; and contingency, among others. Although our customers retain the right and ability to change, modify or discontinue further work at any stage of a contract, in the event our customers discontinue work, they are required to compensate us for the work performed to date. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of revenue recognized in prior periods and the recognition of losses expected to be incurred on contracts. Due to the various estimates inherent in our contract accounting, actual results could differ materially from those estimates, which could result in material changes to our Financial Statements and related disclosures. See Note 2 for further discussion of projects with significant changes in estimated margins during the three and nine months ended September 30, 2025 and 2024.

Short-term Contracts and Contracts Satisfied at a Point In Time – Revenue for our short-term contracts (which includes revenue associated with our master services arrangements) and contracts that do not satisfy the criteria for revenue recognition over time is recognized when the work is performed or when control of the asset is transferred, the related costs are incurred and collection is reasonably assured.

Variable Consideration – Revenue and gross profit or loss for contracts can be significantly affected by variable consideration, which can be in the form of unapproved change orders, claims (including amounts arising from disputes with customers), incentives and liquidated damages that may not be resolved until the later stages of the contract or after the contract has been completed. Variable consideration can also include revenue associated with work performed on a unit-rate, T&M or cost-reimbursable basis that is recognized using the POC method. We estimate variable consideration based on the amount we expect to be entitled and include estimated amounts in the transaction price to the extent it is probable that a significant future reversal of cumulative revenue recognized will not occur or when we conclude that any significant uncertainty associated with the variable consideration is resolved. See Note 2 for further discussion of our unapproved change orders, claims, incentives and liquidated damages.

Additional Disclosures – Topic 606 also requires disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. See Note 2 for required disclosures under Topic 606.

Pre-Contract Costs

Pre-contract costs are generally charged to cost of revenue as incurred, but in certain cases their recognition may be deferred if specific probability criteria are met. At September 30, 2025 and December 31, 2024, we had no deferred pre-contract costs.

Other (Income) Expense, Net

Other (income) expense, net, generally represents recoveries or provisions for bad debts and credit losses, gains or losses associated with the sale or disposition of property and equipment, and income or expense associated with certain nonrecurring items. For the three months ended September 30, 2025, other (income) expense, net for our Corporate Division included integration costs of \$0.1 million and for the nine months ended September 30, 2025, included integration and transaction costs \$0.6 million, associated with the Englobal Acquisition, and for the nine months ended September 30, 2025, included a charge of \$1.5 million related to a reserve for the Alliance Payment made in connection with the Englobal Acquisition. In addition, for the nine months ended September 30, 2024, other (income) expense, net for our Fabrication Division included a gain \$1.1 million related to the sales of excess equipment and a gain of \$2.9 million related to the sale of certain excess real property (consisting of land and buildings) for net cash proceeds of \$8.5 million. See Note 3 for further discussion of the Englobal Acquisition and Notes 2 and 3 for further discussion of the Alliance Payment and related reserve.

Income Taxes

Income taxes have been provided for using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using enacted rates expected to be in effect during the year in which the differences are expected to reverse. Due to state income tax laws related to the apportionment of revenue for our projects, judgment is required to estimate the effective tax rate expected to apply to tax differences that are anticipated to reverse in the future.

A valuation allowance is provided to reserve for deferred tax assets (“DTA(s)”) if, based upon the available evidence, it is more likely than not that some or all of the DTAs will not be realized. The realization of our DTAs depends on our ability to generate sufficient taxable income of the appropriate character and in the appropriate jurisdictions. Our effective tax rate differs from our statutory rate for the three and nine months ended September 30, 2025 and 2024, as no federal income tax expense was recorded for our income as it was fully offset by the reversal of valuation allowance on our net deferred tax assets. Income taxes recorded for the three and nine months ended September 30, 2025 and 2024, relate to state income taxes.

Reserves for uncertain tax positions are recognized when we consider it more likely than not that additional tax will be due in excess of amounts reflected in our income tax returns, irrespective of whether or not we have received tax assessments. Interest and penalties on uncertain tax positions are recorded within income tax expense.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted and includes tax reform provisions that amend, eliminate and extend tax rules under the Inflation Reduction Act of 2022 and the Tax Cuts and Jobs Act of 2017 and makes other changes to the Internal Revenue Code of 1986, as amended. We currently do not believe the OBBBA will have a material impact on our Financial Statements; however, we will continue to evaluate its impact as further information becomes available.

New Accounting Standards

Segment Reporting – In the fourth quarter 2024, we adopted ASU 2023-07 “Segment Reporting - Improvements to Reportable Segment Disclosures,” which requires us to disclose, on an interim and annual basis, additional information about our significant segment expenses. The new standard did not have an effect on our Financial Statements; however, it did result in changes to our segment disclosures for all periods presented as the standard was applied using the retrospective transition method. See Note 7 for the segment disclosures required by the new standard.

Income Taxes – In the fourth quarter 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-09 “Income Taxes - Improvements to Income Tax Disclosures,” which requires enhanced disclosures related to our rate reconciliation and income taxes paid information. The new standard will be effective for us in the fourth quarter 2025 and may be applied using either the prospective or retrospective transition method. Early adoption of the new standard is permitted; however, we have not elected to early adopt the standard. We are evaluating the potential effect of the new standard on our Financial Statement disclosures; however, adoption will not impact our Financial Statements.

Income Statement Reporting – In the fourth quarter 2024, the FASB issued ASU 2024-03 “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures,” which requires additional disclosure of the nature of expenses included in our Statement of Operations as well as disclosures about specific types of expenses included in the expense captions presented in our Statement of Operations. The new standard will be effective for us in the fourth quarter 2027 and may be applied using either the prospective or retrospective transition method. Early adoption of the new standard is permitted; however, we have not elected to early adopt the standard. We are evaluating the potential effect of the new standard on our Financial Statement disclosures; however, adoption will not impact our Financial Statements.

2. REVENUE, CONTRACT ASSETS AND LIABILITIES AND OTHER CONTRACT MATTERS

As discussed in Note 1, we recognize revenue for our contracts in accordance with Topic 606. Summarized below are required disclosures under Topic 606 and other relevant guidance.

Disaggregation of Revenue

The following tables summarize revenue for each of our reportable segments, disaggregated by contract type and duration, for the three and nine months ended September 30, 2025 and 2024 (in thousands):

Three Months Ended September 30, 2025					
	Services ⁽¹⁾	Fabrication ⁽¹⁾	Shipyard ⁽²⁾	Eliminations	Total
Fixed-price and unit-rate	\$ 622	\$ 20,999	\$ —	\$ (2)	\$ 21,619
T&M and cost-reimbursable	19,839	9,552	—	(3)	29,388
Other	1,033	—	—	(500)	533
Total	<u>\$ 21,494</u>	<u>\$ 30,551</u>	<u>\$ —</u>	<u>\$ (505)</u>	<u>\$ 51,540</u>
Long-term	\$ 622	\$ 28,774	\$ —	\$ (2)	\$ 29,394
Short-term	20,872	1,777	—	(503)	22,146
Total	<u>\$ 21,494</u>	<u>\$ 30,551</u>	<u>\$ —</u>	<u>\$ (505)</u>	<u>\$ 51,540</u>
Three Months Ended September 30, 2024					
	Services	Fabrication	Shipyard	Eliminations	Total
Fixed-price and unit-rate	\$ 74	\$ 10,235	\$ 490	\$ (3)	\$ 10,796
T&M and cost-reimbursable	19,403	6,875	—	—	26,278
Other	768	—	—	(202)	566
Total	<u>\$ 20,245</u>	<u>\$ 17,110</u>	<u>\$ 490</u>	<u>\$ (205)</u>	<u>\$ 37,640</u>
Long-term	\$ 74	\$ 15,786	\$ 490	\$ (3)	\$ 16,347
Short-term	20,171	1,324	—	(202)	21,293
Total	<u>\$ 20,245</u>	<u>\$ 17,110</u>	<u>\$ 490</u>	<u>\$ (205)</u>	<u>\$ 37,640</u>
Nine Months Ended September 30, 2025					
	Services ⁽¹⁾	Fabrication ⁽¹⁾	Shipyard ⁽²⁾	Eliminations	Total
Fixed-price and unit-rate	\$ 981	\$ 39,798	\$ —	\$ (80)	\$ 40,699
T&M and cost-reimbursable	58,934	27,292	—	(3)	86,223
Other	3,412	—	—	(983)	2,429
Total	<u>\$ 63,327</u>	<u>\$ 67,090</u>	<u>\$ —</u>	<u>\$ (1,066)</u>	<u>\$ 129,351</u>
Long-term	\$ 981	\$ 61,937	\$ —	\$ (80)	\$ 62,838
Short-term	62,346	5,153	—	(986)	66,513
Total	<u>\$ 63,327</u>	<u>\$ 67,090</u>	<u>\$ —</u>	<u>\$ (1,066)</u>	<u>\$ 129,351</u>
Nine Months Ended September 30, 2024					
	Services	Fabrication	Shipyard	Eliminations	Total
Fixed-price and unit-rate	\$ 837	\$ 42,792	\$ 935	\$ (6)	\$ 44,558
T&M and cost-reimbursable	65,719	10,183	—	—	75,902
Other	1,990	—	—	(667)	1,323
Total	<u>\$ 68,546</u>	<u>\$ 52,975</u>	<u>\$ 935</u>	<u>\$ (673)</u>	<u>\$ 121,783</u>
Long-term	\$ 837	\$ 49,400	\$ 935	\$ (6)	\$ 51,166
Short-term	67,709	3,575	—	(667)	70,617
Total	<u>\$ 68,546</u>	<u>\$ 52,975</u>	<u>\$ 935</u>	<u>\$ (673)</u>	<u>\$ 121,783</u>

- (1) Operating results for the Services Division include the Engineering Business and the Government Business, and operating results for the Fabrication Division include the Automation Business, from the applicable Acquisition Date. See Note 3 for further discussion of the Englobal Acquisition.
- (2) The Shipyard Division is no longer a reportable segment effective January 1, 2025. Remaining operating results for our former Shipyard Division are included in other (income) expense, net on our Statement of Operations and are reflected within our Corporate Division. See Note 7 for further discussion of our former Shipyard Division and change in reportable segments.

Future Performance Obligations

The following table summarizes our remaining performance obligations for each of our reportable segments, disaggregated by contract type, at September 30, 2025 (in thousands):

	September 30, 2025		
	Services	Fabrication	Total
Fixed-price and unit-rate	\$ 7,771	\$ 27,319	\$ 35,090
T&M and cost-reimbursable	—	1,754	1,754
Total ⁽¹⁾	\$ 7,771	\$ 29,073	\$ 36,844

- (1) We expect to recognize revenue of approximately \$17.4 million, \$16.4 million and \$3.0 million for the remainder of 2025, 2026 and thereafter, respectively, associated with our performance obligations at September 30, 2025. Certain factors and circumstances could result in changes in the timing of recognition of our performance obligations as revenue and the amounts ultimately recognized.

Contract Assets and Liabilities

The timing of customer invoicing and recognition of revenue using the POC method may occur at different times. Customer invoicing is generally dependent upon contractual billing terms, which could provide for customer payments in advance of performing the work, milestone billings based on the completion of certain phases of the work, or billings when services are provided. Revenue recognized in excess of amounts billed is reflected as contract assets on our Balance Sheet, or to the extent we have an unconditional right to the consideration, is reflected as contract receivables on our Balance Sheet. Amounts billed in excess of revenue recognized, and accrued contract losses, are reflected as contract liabilities on our Balance Sheet. Information with respect to contracts that were incomplete at September 30, 2025 and December 31, 2024, is as follows (in thousands):

	September 30, 2025	December 31, 2024
Contract assets ^{(1), (2)}	\$ 11,679	\$ 8,611
Contract liabilities ^{(3), (4)}	(981)	(1,278)
Contracts in progress, net	\$ 10,698	\$ 7,333

- (1) The increase in contract assets from December 31, 2024 to September 30, 2025, was primarily due to higher net unbilled positions on various projects for our Fabrication Division and contract assets related to the Englobal Business.
- (2) Contract assets at September 30, 2025 and December 31, 2024, excluded \$4.3 million and \$4.6 million, respectively, associated with revenue recognized in excess of amounts billed for which we have an unconditional right to the consideration. Such amounts are reflected within contract receivables. The decrease from December 31, 2024 to September 30, 2025, was primarily due to lower unbilled positions on various projects for our Services Division, offset partially by amounts related to the Englobal Business.
- (3) The decrease in contract liabilities from December 31, 2024 to September 30, 2025, was primarily due to lower advance billings on various projects for our Fabrication Division, offset partially by contract liabilities related to the Englobal Business.
- (4) Revenue recognized during the three months ended September 30, 2025 and 2024, from amounts included in our contract liabilities balance at June 30, 2025 and 2024, was \$1.3 million and \$3.0 million, respectively. Revenue recognized during the nine months ended September 30, 2025 and 2024, from amounts included in our contract liabilities balance at December 31, 2024 and 2023, was \$0.9 million and \$4.8 million, respectively.

Allowance for Doubtful Accounts and Credit Losses

Our provision for bad debts and credit losses is included in other (income) expense, net on our Statement of Operations. For the three months ended September 30, 2025, and each of the three and nine months ended September 30, 2024, our provision for bad debts and credit losses was not significant. For the nine months ended September 30, 2025, our provision for bad debts and credit losses was \$1.5 million related to a reserve for the Alliance Payment made in connection with the Englobal Acquisition. Our allowance for doubtful accounts and credit losses at September 30, 2025 and December 31, 2024, was \$1.7 million and \$0.2 million, respectively. We had no significant write-offs or recoveries of previously recorded bad debts during the three or nine months ended September 30, 2025 or 2024. See Notes 1 and 3 for further discussion of the Englobal Acquisition and Alliance Payment and related reserve.

Variable Consideration

For the three and nine months ended September 30, 2025 and 2024, we had no material amounts in revenue related to unapproved change orders, claims or incentives.

Changes in Project Estimates

We determine the impact of changes in estimated margins on projects for a given period by calculating the amount of revenue recognized in the period that would have been recognized in a prior period had such estimated margins been forecasted in the prior period. The total impact of changes in estimated margins for a project as disclosed on a quarterly basis may be different from the applicable year-to-date impact due to the application of the POC method and the changing progress of the project at each period end. Such impacts may also be different when a project is commenced and completed within the applicable year-to-date period but spans multiple quarters. For the three and nine months ended September 30, 2025 and 2024, individual projects with significant changes in estimated margins did not have a material net impact on our operating results.

Other Operating and Project Matters

During the nine months ended September 30, 2024, we received insurance payments of \$2.0 million from our insurance carriers associated with interruptions to our operations and damage to buildings and equipment resulting from Hurricane Ida during 2021, of which \$0.3 million is reflected within investing activities and the remainder is classified within operating activities on our Statement of Cash Flows.

3. ACQUISITION

Acquisition Summary – On March 5, 2025, Englobal filed for chapter 11 bankruptcy relief (the “Englobal Chapter 11”) in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”). In connection therewith, we entered into a senior secured, super-priority debtors-in-possession credit agreement effective March 5, 2025, as amended May 12, 2025 (the “DIP Credit Agreement”), as lender, with Englobal, as debtor-in-possession, and certain of its subsidiaries, as guarantors. The DIP Credit Agreement provided for potential loan amounts to Englobal of up to \$3.5 million in the aggregate, bearing interest at 12.0% per annum (plus a 4.0% default rate per annum, if applicable) and was secured by all assets of Englobal. Pursuant to the DIP Credit Agreement, during the first quarter 2025, we loaned Englobal \$1.2 million (which included the roll-up of a prepetition secured bridge loan), and during the second quarter 2025, we loaned Englobal \$2.3 million, for a total loan amount of \$3.5 million (the “DIP Loan”).

In addition, we entered into a loan sale and assignment agreement effective April 10, 2025 with Alliance 2000, Ltd. (“Alliance”), a creditor of Englobal, pursuant to which we assumed Alliance’s senior secured loan of \$2.4 million (the “Alliance Loan”) due from Englobal in exchange for a cash payment of \$1.5 million to Alliance (the “Alliance Payment”) during the second quarter 2025.

We entered into the DIP Loan and Alliance Loan with the right to “credit bid” any amounts then-owed under the agreements in any offer by us to purchase all or a portion of Englobal’s assets. On April 18, 2025, we were named as the successful bidder in the Bankruptcy Court-supervised auction process for certain assets of Englobal, which consisted of certain assets of Englobal’s automation business (“Automation Business”), engineering business (“Engineering Business”) and government business (“Government Business” and together with the Automation Business and Engineering Business, the “Englobal Business”). Accordingly, pursuant to an asset purchase agreement effective April 15, 2025, as amended May 19, 2025 (the “Asset Purchase Agreement”), we acquired the Automation Business effective May 12, 2025, and we acquired the Engineering Business and Government Business effective June 16, 2025 (collectively, the “Acquisition Date”), the consideration for which was the assumption of certain liabilities and a “credit bid” of the full amount of the DIP Loan (collectively, the “Englobal Acquisition”). We did not “credit bid” any portion of the Alliance Loan, and accordingly, it continues to be a senior secured obligation of Englobal owed to us.

Preliminary Purchase Price Allocation – We considered the DIP Loan amount of \$3.5 million to represent the purchase price (“Purchase Price”) of the Englobal Business given such amount was “credit bid” in connection with the Englobal Acquisition. The Purchase Price is reflected within investing activities on our Statement of Cash Flows. However, because the Alliance Loan was not “credit bid” and we currently do not believe that recovery from Englobal of the Alliance Payment is probable, we recorded a reserve against the full amount of the Alliance Payment, resulting in a charge of \$1.5 million for the nine months ended September 30, 2025. In addition, for the three months ended September 30, 2025, we incurred integration costs of \$0.1 million, and for the nine months ended September 30, 2025, we incurred integration and transaction costs of \$0.6 million, associated with the Englobal Acquisition. The aforementioned charge and integration and transaction costs are reflected within other (income) expense, net on our Statement of Operations for our Corporate Division. The Alliance Payment is reflected within investing activities, and the charge is reflected within operating activities, on our Statement of Cash Flows.

The Purchase Price was allocated to the major categories of assets and liabilities acquired based upon estimates of their fair values at the Acquisition Date, which were based, in part, upon outside appraisals for certain assets, including machinery and equipment and specifically-identifiable intangible assets. The excess of the Purchase Price over the estimated fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. The factors contributing to the goodwill (which is all deductible for tax purposes) include the acquired established workforce, estimated future cost savings and potential revenue synergies associated with the Englobal Business. The following table summarizes our preliminary allocation of the Purchase Price as of the Acquisition Date (in thousands):

	Purchase Price Allocation
Tangible assets and liabilities:	
Contract receivables and retainage, net	\$ 2,162
Contract assets	723
Prepaid expenses and other assets	92
Machinery and equipment ⁽¹⁾	708
Accounts payable	(461)
Contract liabilities	(1,438)
Accrued expenses and other liabilities	(75)
Net tangible assets and liabilities	1,711
Intangible assets - trade name ⁽²⁾	400
Goodwill ⁽³⁾	1,389
Purchase Price	<u>\$ 3,500</u>

(1) Represents acquired machinery, equipment and vehicles. The fair values of the assets were estimated based on third-party appraisals.

(2) Represents the estimated fair value of the existing Englobal trade name for the Automation Business with an estimated life of five years. The fair value of the trade name was estimated using the relief-from-royalty method, which incorporated Level 3 inputs and calculated the hypothetical royalty fees that would be saved by owning an intangible asset rather than licensing it from another owner. This method forecasts revenue over the estimated useful life of the asset and applies a royalty rate, tax rate and discount rate to such revenue to calculate the discounted cash flows to arrive at the trade name value. Amortization expense for our intangible assets was not material for either the three or nine months ended September 30, 2025, and at September 30, 2025, our intangible asset balance associated with the Englobal Acquisition totaled \$0.4 million. Amortization expense is estimated to be approximately \$0.1 million for 2025 and for each year thereafter through 2030.

(3) The portion of the Purchase Price allocated to goodwill resides within our Automation Business, which is included within our Fabrication Division. See Note 1 for further discussion of our goodwill and reporting units.

The allocation of the Purchase Price and related amortization periods are based on preliminary information and are subject to change when additional information concerning final asset and liability valuations is obtained. We have not completed our final assessment of the fair value of the intangible assets and machinery and equipment. Our final purchase price allocation may result in adjustments to certain assets and liabilities, including working capital assets and liabilities associated with variable consideration for certain contracts, and the residual amount allocated to goodwill.

Supplemental Pro Forma Financial Information – The following unaudited pro forma condensed combined financial information (“Pro Forma Information”) gives effect to the Englobal Acquisition, accounted for as a business combination using the purchase method of accounting. The Pro Forma Information reflects the Englobal Acquisition and related events as if they occurred during the period beginning on January 1, 2024 (the earliest period presented in this Report), and gives effect to pro forma events that are directly attributable to the Englobal Acquisition, factually supportable and expected to have a continuing impact on the combined results of the Company and the Englobal Business following the Englobal Acquisition. The Pro Forma Information includes adjustments to (i) remove transaction costs associated with the Englobal Acquisition of \$0.5 million for the nine months ended September 30, 2025, and include such amounts in the nine months ended September 30, 2024, (ii) include incremental intangibles amortization, and reflect an increase or decrease in depreciation expense as applicable, for the three and nine months ended September 30, 2025 and 2024, related to fair value adjustments associated with the Englobal Acquisition, and (iii) include the historical results of the Englobal Business for the three and nine months ended September 30, 2025 and 2024.

The Pro Forma Information has been presented for illustrative purposes only and is not necessarily indicative of the operating results that would have been achieved had the pro forma events taken place on the dates indicated. Further, the Pro Forma Information does not purport to project the future operating results of the combined company following the Englobal Acquisition. The following table presents the Pro Forma Information for the three and nine months ended September 30, 2025 and 2024 (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Pro forma revenue ⁽¹⁾	\$ 51,540	\$ 42,234	\$ 134,754	\$ 135,574
Pro forma net income ⁽²⁾	1,559	1,762	3,466	7,794
Per share data:				
Basic income per share	\$ 0.10	\$ 0.11	\$ 0.21	\$ 0.48
Diluted income per share	\$ 0.10	\$ 0.11	\$ 0.21	\$ 0.46

- (1) Revenue attributable to the Englobal Business prior to the Acquisition Date was \$4.6 million, \$5.4 million and \$13.8 million, for the three months ended September 30, 2024, and the nine months ended September 30, 2025 and 2024, respectively. Revenue attributable to the Englobal Business subsequent to the Acquisition Date was \$3.2 million and \$4.5 million for the three and nine months ended September 30, 2025, respectively.
- (2) Net loss attributable to the Englobal Business prior to the Acquisition Date was \$0.6 million, \$1.9 million and \$2.1 million, for the three months ended September 30, 2024, and nine months ended September 30, 2025 and 2024, respectively. Net loss attributable to the Englobal Business subsequent to the Acquisition Date was \$1.0 million and \$1.5 million for the three and nine months ended September 30, 2025, respectively.

4. CREDIT FACILITIES AND DEBT

LC Facility

Our LC Facility, as amended, provides for up to \$10.0 million of letters of credit, subject to our cash securitization of the letters of credit, and has a maturity date of June 30, 2026. At September 30, 2025, we had \$1.2 million of outstanding letters of credit under the LC Facility. Commitment fees on the unused portion of the LC Facility are 0.4% per annum and interest on outstanding letters of credit is 1.5% per annum. See Note 5 for further discussion of our letters of credit and associated security requirements.

Surety Bonds

We issue surety bonds in the ordinary course of business to support our projects and certain of our insurance coverages, and at September 30, 2025, we had \$52.7 million of outstanding surety bonds. See Note 5 for further discussion of our surety bonds and related indemnification obligations.

Note Agreement

In connection with the resolution of litigation for our former Shipyard Division, during 2023, we entered into a promissory note (“Note Agreement”) with certain of our Sureties (Fidelity & Deposit Company of Maryland and Zurich American Insurance Company (collectively, “Zurich”)), pursuant to which we will pay Zurich \$20.0 million. The Note Agreement bears interest at a fixed rate of 3.0% per annum, with principal and interest payable in 15 equal annual installments of approximately \$1.7 million. The first payment was made on December 30, 2024 and the final payment is due on December 31, 2038. At September 30, 2025, our outstanding balance and future annual principal maturities under the Note Agreement, were as follows (in thousands):

	Principal Maturities
2025	\$ 1,108
2026	1,141
2027	1,175
2028	1,210
2029	1,247
Thereafter	13,044
Total maturities ⁽¹⁾	18,925
Unamortized interest ⁽²⁾	73
Total debt	<u>\$ 18,998</u>

(1) At September 30, 2025, the estimated present value of the Note Agreement amount was \$13.3 million based on an estimated market rate of interest.

(2) Due to the forbearance of interest from the issuance date of the Note Agreement until January 1, 2024, the effective rate on the Note Agreement is 2.9% per annum. Unamortized interest represents the difference between the effective interest rate and the stated interest rate on the Note Agreement.

Mortgage Agreement

We have a multiple indebtedness mortgage arrangement (“Mortgage Agreement”) with Zurich to secure our obligations and liabilities under the Note Agreement. The Mortgage Agreement, as amended, encumbers all real estate associated with our Houma Facility, includes certain covenants and events of default, and requires that 50 percent of the net proceeds (as defined by the Mortgage Agreement) received by us in excess of \$8.0 million from the sale of any real estate of our Houma Facility be used to make early payments on the principal balance under the Note Agreement. The Mortgage Agreement will terminate when the Note Agreement is repaid. See “*Note Agreement*” above for further discussion of the Note Agreement.

5. COMMITMENTS AND CONTINGENCIES

Routine Legal Proceedings

We are subject to various routine legal proceedings in the normal conduct of our business, primarily involving commercial disputes and claims, workers’ compensation claims, and claims for personal injury under general maritime laws of the U.S. and the Jones Act. While the outcome of these legal proceedings cannot be predicted with certainty, we believe that the outcome of any such proceedings, even if determined adversely, would not have a material adverse effect on our financial position, results of operations or liquidity.

Forty-Vehicle Ferry Projects

As discussed in our 2024 Financial Statements, prior to 2024 we experienced rework, construction and commissioning challenges on our two forty-vehicle ferry projects for our former Shipyard Division as a result of customer design deficiencies, resulting in previous cost increases (including the need to fabricate a new hull for one of the vessels) and liquidated damages. During 2021, we submitted claims to our customer to recover the cost impacts of such design deficiencies. In accordance with contract requirements and North Carolina state law, in July 2024, we submitted our finalized claim to the customer for these cost and schedule impacts. In October 2024, the customer denied our claim, after which we filed a lawsuit in Superior Court for Wake County (docket number 24-CV-035012-910). In December 2024, the customer responded, denying liability and asserted a counterclaim in an unspecified amount, alleging defective workmanship in our construction of the ferries. The warranty claims asserted by the customer during the warranty periods for the vessels were not material and we are not aware of any other material claims regarding alleged defective workmanship for either vessel. In May 2025, a mediation between the parties was held; however, it was not successful. Discovery for the lawsuit is ongoing and trial is currently set for February 2, 2026. At September 30, 2025, no amounts have been included in revenue related to potential recoveries from our claim and we can provide no assurances that we will be successful with our claim or recover any previously incurred costs.

Insurance

We maintain insurance coverage for various aspects of our business and operations. However, we may be exposed to future losses due to coverage limitations and our use of deductibles and retentions for our exposures related to property and equipment damage, builder's risk, third-party liability and workers' compensation and USL&H claims. During the second quarter 2025, we reviewed our insurance coverage options for our property and equipment and determined that the benefits of such coverage continue to be outweighed by coverage limitations and high premiums and deductibles. Accordingly, we continue to be generally uninsured for exposures resulting from any future damage to our property and equipment.

To the extent we have insurance coverage, we do not have an offset right for liabilities in excess of any deductibles and retentions. Accordingly, we have recorded a liability for estimated amounts in excess of our deductibles and retentions, and have recorded a corresponding asset related to estimated insurance recoveries, on our Balance Sheet. Further, to the extent we are uninsured, reserves are recorded based upon our estimates, with input from legal and insurance advisors. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change.

Letters of Credit and Surety Bonds

We obtain letters of credit under our LC Facility or surety bonds from financial institutions to provide to our customers in order to secure advance payments or guarantee performance under our contracts, or in lieu of retention being withheld on our contracts. Letters of credit under our LC Facility are subject to cash securitization of the full amount of the outstanding letters of credit. In the event of non-performance under a contract, our cash securitization with respect to the letter of credit supporting such contract would become the property of Whitney Bank. With respect to surety bonds, payments by a Surety pursuant to a bond in the event of non-performance are subject to reimbursement to such Surety by us under a general indemnity agreement relating to such bond. Such indemnification obligations may include the face amount of the surety bond, or portions thereof, as well as other reimbursable items such as interest and certain investigative expenses and legal fees of the Surety. Such indemnification obligations would require us to use our cash, cash equivalents or short-term investments, and we may not have sufficient liquidity to satisfy such indemnification obligations. When a contract is complete, the contingent obligation terminates, and letters of credit or surety bonds are returned. See Note 4 for further discussion of our LC Facility and surety bonds.

Environmental Matters

Our operations are subject to extensive and changing U.S. federal, state and local laws and regulations, as well as the laws of other countries, that establish health and environmental quality standards. These standards relate to air and water pollutants and the management and disposal of hazardous substances and wastes, among others. We are exposed to potential liability for personal injury or property damage caused by any release, spill, exposure or other accident involving such pollutants, substances or wastes. In connection with the historical operation of our facilities, including those associated with acquired operations, substances which currently are or might be considered hazardous were used or disposed of at some sites that will or may require us to make expenditures for remediation. We believe we are in compliance, in all material respects, with environmental laws and regulations and maintain insurance coverage to mitigate exposure to environmental liabilities. We do not believe any environmental matters will have a material adverse effect on our financial condition, results of operations, cash flows or competitive position.

Leases

We maintain operating leases for our corporate office and certain operating facilities and equipment. See Note 1 for further discussion of our leases.

6. INCOME (LOSS) PER SHARE AND SHAREHOLDERS' EQUITY

Income (Loss) Per Share

The following table presents the computation of basic and diluted income per share for the three and nine months ended September 30, 2025 and 2024 (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income	\$ 1,559	\$ 2,317	\$ 4,812	\$ 10,446
Denominator:				
Weighted average basic shares	16,018	16,489	16,180	16,373
Effect of dilutive share-based awards	130	239	229	409
Weighted average diluted shares	16,148	16,728	16,409	16,782
Basic income per share	\$ 0.10	\$ 0.14	\$ 0.30	\$ 0.64
Diluted income per share	\$ 0.10	\$ 0.14	\$ 0.29	\$ 0.62

Shareholders' Equity

We have a share repurchase program, as amended ("Share Repurchase Program"), authorizing the repurchase of up to \$10.0 million of our outstanding common stock expiring December 15, 2026. The timing and amount of any share repurchases is at the discretion of management and may be made from time to time through transactions in the open market, in privately negotiated transactions or by other means in accordance with applicable laws. The Share Repurchase Program does not obligate us to repurchase any shares of our common stock and may be modified, increased, suspended or terminated at the discretion of the Board. During the nine months ended September 30, 2025 and 2024, we repurchased 566,354 and 171,768 shares of our common stock for \$3.7 million and \$0.9 million, respectively, and at September 30, 2025, we had remaining authorization to purchase \$5.0 million under the Share Repurchase Program. In accordance with certain restrictive covenants in the Merger Agreement (as defined in Note 8), we have suspended activity under the Share Repurchase Program and do not intend to make further repurchases during the pendency of the Merger Agreement. See Note 8 for further discussion of the Merger Agreement.

7. REPORTABLE SEGMENTS

During 2021, we sold our former Shipyard Division operating assets and certain construction contracts and commenced the wind down of our remaining Shipyard Division operations, which consisted of completion of a seventy-vehicle ferry and two forty-vehicle ferry projects (collectively, the “Ferry Projects”). The wind down of our Shipyard Division operations was substantially completed in the fourth quarter 2023 and final completion occurred in the first quarter 2025 with the expiration of the last warranty period for the Ferry Projects. While our Shipyard Division represented a reportable segment for the year ended December 31, 2024, the Shipyard Division is no longer a reportable segment effective January 1, 2025. Accordingly, we currently operate and manage our business through two operating divisions (“Services” and “Fabrication”) and one non-operating division (“Corporate”), which represent our reportable segments. Remaining operating results for our former Shipyard Division for the three and nine months ended September 30, 2025 are included in other (income) expense, net on our Statement of Operations and are reflected within our Corporate Division.

Further, during the second quarter 2025, we acquired the Automation Business, for which the operating results are reflected within our Fabrication Division from the applicable Acquisition Date, and we acquired the Engineering Business and Government Business, for which the operating results are reflected within our Services Division from the applicable Acquisition Date. The Automation Business provides engineering, design, fabrication and integration of industrial automation systems to the oil and gas, renewable energy and traditional power industries. The Engineering Business provides various engineering solutions to the oil and gas and renewable energy industries. The Government Business provides Englobal’s engineering and automation solutions to federal, state and local governments and educational institutions, generally in the form of technical field services. See Note 3 for further discussion of the Englobal Acquisition.

Services Division – Our Services Division provides maintenance, repair, construction, scaffolding, coatings, welding enclosures, cleaning and environmental and other specialty services on offshore platforms and inland structures and at industrial facilities; provides services required to connect production equipment and service modules and equipment on offshore platforms; and provides engineering, design, project management, commissioning and technical field services for the oil and gas and renewable energy industries and federal, state and local governments. Our services activities are managed from our various Facilities.

Fabrication Division – Our Fabrication Division fabricates modules, skids and piping systems for onshore refining, petrochemical, LNG and industrial facilities and offshore facilities; fabricates foundations, secondary steel components and support structures for alternative energy developments and coastal mooring facilities; fabricates, assembles and integrates industrial automation systems for the oil and gas, renewable energy and traditional power industries; fabricates offshore production platforms and associated structures, including jacket foundations, piles and topsides for fixed production and utility platforms, as well as hulls and topsides for floating production and utility platforms for the oil and gas industry; and fabricates other complex steel structures and components for a variety of end markets. Our fabrication activities are performed at our Houma Facility and Houston Facility.

Corporate Division and Allocations – Our Corporate Division includes costs that do not directly relate to our operating divisions. Such costs include, but are not limited to, costs of maintaining our corporate office, executive management salaries and incentives, Board fees, certain insurance costs and costs associated with overall corporate governance and reporting requirements for a publicly traded company. Shared resources and costs that benefit more than one operating division are allocated amongst the operating divisions based on each operating division’s estimated share of the benefit received. Such costs include, but are not limited to, human resources, insurance, information technology, accounting, business development and certain division leadership costs.

Segment Results – Our chief operating decision maker is our chief executive officer and he generally evaluates the performance of, and allocates resources to, our divisions based upon gross profit or loss and operating income or loss. Segment assets are comprised of all assets attributable to each division. Intersegment revenues are priced at the estimated fair value of work performed. Summarized financial information for our segments as of and for the three and nine months ended September 30, 2025 and 2024, is as follows (in thousands):

Three Months Ended September 30, 2025					
	Services ⁽¹⁾	Fabrication ⁽¹⁾	Shipyard ⁽²⁾	Corporate	Consolidated
Revenue (eliminations)	\$ 21,494	\$ 30,551	\$ —	\$ (505)	\$ 51,540
Cost of revenue	19,668	27,497	—	(505)	46,660
Gross profit	1,826	3,054	—	—	4,880
General and administrative expense	984	978	—	1,689	3,651
Other (income) expense, net	(1)	(55)	—	139	83
Operating income (loss)	\$ 843	\$ 2,131	\$ —	\$ (1,828)	\$ 1,146

Other financial information:

Depreciation and amortization expense	\$ 439	\$ 765	\$ —	\$ 24	\$ 1,228
Interest (expense) income, net	\$ —	\$ —	\$ —	\$ 411	\$ 411
Capital expenditures	\$ 10	\$ 187	\$ —	\$ —	\$ 197
Total assets ⁽³⁾	\$ 23,398	\$ 54,705	\$ —	\$ 68,623	\$ 146,726

Three Months Ended September 30, 2024					
	Services	Fabrication	Shipyard	Corporate	Consolidated
Revenue (eliminations)	\$ 20,245	\$ 17,110	\$ 490	\$ (205)	\$ 37,640
Cost of revenue	18,205	14,569	415	(205)	32,984
Gross profit	2,040	2,541	75	—	4,656
General and administrative expense	634	489	—	1,862	2,985
Other (income) expense, net	10	18	53	(82)	(1)
Operating income (loss)	\$ 1,396	\$ 2,034	\$ 22	\$ (1,780)	\$ 1,672

Other financial information:

Depreciation and amortization expense	\$ 495	\$ 633	\$ —	\$ 80	\$ 1,208
Interest (expense) income, net	\$ —	\$ —	\$ —	\$ 647	\$ 647
Capital expenditures	\$ 17	\$ 1,297	\$ —	\$ —	\$ 1,314
Total assets ⁽³⁾	\$ 24,445	\$ 34,895	\$ 233	\$ 71,195	\$ 130,768

Nine Months Ended September 30, 2025					
	Services ⁽¹⁾	Fabrication ⁽¹⁾	Shipyard ⁽²⁾	Corporate	Consolidated
Revenue (eliminations)	\$ 63,327	\$ 67,090	\$ —	\$ (1,066)	\$ 129,351
Cost of revenue	56,820	58,541	—	(1,066)	114,295
Gross profit	6,507	8,549	—	—	15,056
General and administrative expense	2,513	2,373	—	5,286	10,172
Other (income) expense, net	(1)	(157)	—	1,695	1,537
Operating income (loss)	\$ 3,995	\$ 6,333	\$ —	\$ (6,981)	\$ 3,347

Other financial information:

Depreciation and amortization expense	\$ 1,358	\$ 2,196	\$ —	\$ 124	\$ 3,678
Interest (expense) income, net	\$ —	\$ —	\$ —	\$ 1,470	\$ 1,470
Capital expenditures	\$ 81	\$ 732	\$ —	\$ —	\$ 813
Total assets ⁽³⁾	\$ 23,398	\$ 54,705	\$ —	\$ 68,623	\$ 146,726

Nine Months Ended September 30, 2024

	Services	Fabrication	Shipyards	Corporate	Consolidated
Revenue (eliminations)	\$ 68,546	\$ 52,975	\$ 935	\$ (673)	\$ 121,783
Cost of revenue	60,005	47,003	510	(673)	106,845
Gross profit	8,541	5,972	425	—	14,938
General and administrative expense	2,064	1,475	—	6,284	9,823
Other (income) expense, net	25	(3,387)	52	(238)	(3,548)
Operating income (loss)	<u>\$ 6,452</u>	<u>\$ 7,884</u>	<u>\$ 373</u>	<u>\$ (6,046)</u>	<u>\$ 8,663</u>
Other financial information:					
Depreciation and amortization expense	\$ 1,461	\$ 1,942	\$ —	\$ 238	\$ 3,641
Interest (expense) income, net	\$ —	\$ —	\$ —	\$ 1,792	\$ 1,792
Capital expenditures	\$ 684	\$ 4,196	\$ —	\$ —	\$ 4,880
Total assets ⁽³⁾	\$ 24,445	\$ 34,895	\$ 233	\$ 71,195	\$ 130,768

- (1) Operating results for the Services Division include the Engineering Business and the Government Business, and operating results for the Fabrication Division include the Automation Business, from the applicable Acquisition Date. See Note 3 for further discussion of the Englobal Acquisition.
- (2) The Shipyards Division is no longer a reportable segment effective January 1, 2025. Remaining operating results for our former Shipyards Division are included in other (income) expense, net on our Statement of Operations and are reflected within our Corporate Division.
- (3) Cash and short-term investments are reported within our Corporate Division.

8. SUBSEQUENT EVENTS

On November 7, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with IES Holdings, Inc. (“IES”), a Delaware corporation, and IES Merger Sub, LLC, a Louisiana limited liability company and wholly owned subsidiary of IES (“IES Merger Sub”). The Merger Agreement provides for, on the terms and subject to the conditions of the Merger Agreement, the merger of IES Merger Sub with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of IES (the “Pending Transaction”). If the Pending Transaction is completed, each share of our common stock issued and outstanding immediately prior to the effective time of the Pending Transaction (other than certain excluded shares) will be converted into the right to receive \$12.00 in cash, without interest, and subject to deduction for any required tax withholding.

Completion of the Pending Transaction is subject to satisfaction of customary closing conditions, including, but not limited to (i) approval of the Merger Agreement and the Pending Transaction by our shareholders, and (ii) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended, the “HSR Act”). The Merger Agreement also contains certain termination rights for us and IES, including termination by mutual consent of the parties and a right for either party to terminate if the Pending Transaction is not completed by August 7, 2026, subject to certain conditions and extensions as set forth in the Merger Agreement. Additionally, the Merger Agreement requires us to pay a termination fee equal to \$7.6 million if the Merger Agreement is terminated under certain specified circumstances.

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

The following "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" is provided to assist readers in understanding our financial performance during the periods presented and significant trends that may impact our future performance. This discussion should be read in conjunction with our Financial Statements and the related notes thereto. References to "*Notes*" relate to the Notes to our Financial Statements in Item 1. References to "*nm*" relate to percentage references that are not considered meaningful. Certain terms are defined in the "*Glossary of Terms*" beginning on page ii of this Report.

Cautionary Statement on Forward-Looking Information

This Report contains forward-looking statements in which we discuss our potential future performance, operations and projects. Forward-looking statements, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, are all statements other than statements of historical facts, such as projections or expectations relating to consummation of the Pending Transaction; the realization of the benefits of the Pending Transaction; operating results; diversification and entry into new end markets; our integration of the Englobal Business into our existing operations and realization of the anticipated benefits of the Englobal Acquisition; industry outlook; oil and gas prices; timing of investment decisions and new project awards; cash flows and cash balance; capital expenditures; tax rates; liquidity; and execution of strategic initiatives. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "proposed," "potential" and any similar expressions are intended to identify those assertions as forward-looking statements.

We caution readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements include: the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement or Company Change in Recommendation (as defined in the Merger Agreement); the inability to complete the Pending Transaction due to the failure to obtain the shareholder approval necessary for the Pending Transaction; the failure to obtain, delays in obtaining, or adverse conditions contained in any required regulatory or other approvals for consummation of the Pending Transaction or the failure to satisfy other conditions to completion of the Pending Transaction; the failure of the Pending Transaction to close for any other reason, including due to a Company Material Adverse Effect (as defined in the Merger Agreement); risks related to disruption of management's attention from our ongoing business operations due to the Pending Transaction; the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted against us and others relating to the Merger Agreement, the Pending Transaction or otherwise; the risk that the pendency of the Pending Transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the pendency of the Pending Transaction; the effect of the announcement of the Pending Transaction on our relationships with contractual counterparties, including customers, operating results and business generally; the amount of the costs, fees, expenses and charges related to the Pending Transaction; our ability to successfully integrate the Englobal Business into our existing operations and realize the anticipated benefits of the Englobal Acquisition; cyclical nature of the oil and gas industry; competitive pricing and cost overruns on our projects; competition; reliance on significant customers; timing and our ability to secure and commence execution of new project awards, including fabrication projects for refining, petrochemical, LNG, industrial and sustainable energy end markets; supply chain disruptions, inflationary pressures, economic slowdowns and recessions, natural disasters, public health crises, labor costs and geopolitical conflicts, and the related volatility in oil and gas prices and other factors impacting the global economy; changes in contract estimates; operating dangers, weather events and availability and limits on insurance coverage; utilization of facilities; operability and adequacy of our major equipment; changes in trade policies of the U.S. and other countries, including tariffs and related market uncertainties; adjustments to previously reported profits or losses under the percentage-of-completion method; our ability to employ a skilled workforce; loss of key personnel; failure of our safety assurance program; weather impacts to operations; performance of subcontractors and dependence on suppliers; our ability to maintain and further improve project execution; nature of our contract terms and customer adherence to such terms; suspension or termination of projects; customer or subcontractor disputes; systems and information technology interruption or failure and data security breaches; our ability to raise additional capital; our ability to amend or obtain new debt financing or credit facilities on favorable terms; our ability to generate sufficient cash flow; our ability to resolve any material legal proceedings; our ability to obtain letters of credit or surety bonds and ability to meet any indemnification obligations thereunder; consolidation of our customers; financial ability and credit worthiness of our customers; barriers to entry into new lines of business; our ability to enhance shareholder value; any future asset impairments; compliance with regulatory and environmental laws; lack of navigability of canals and rivers; performance of partners in any future joint ventures and other strategic alliances; shareholder activism; modifications, delays or terminations of our contracts with government entities or customers subject to government funding, including due to government funding limitations or any disruptions from a government shutdown; and other factors described under "Risk Factors" in Part I, Item 1A of our 2024 Annual Report, as updated by Item 1A of our quarterly report on Form 10-Q for the quarter ended June 30, 2025 and under "Risk Factors" in Part II, Item 1A of this Report, and as may be further updated by subsequent filings with the SEC.

Additional factors or risks that we currently deem immaterial, that are not presently known to us or that arise in the future could also cause our actual results to differ materially from our expected results. Given these uncertainties, investors are cautioned that many of the assumptions upon which our forward-looking statements are based are likely to change after the date the forward-looking statements are made, which we cannot control. Further, we may make changes to our business plans that could affect our results. We caution investors that we undertake no obligation to publicly update or revise any forward-looking statements, which speak only as of the date made, for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise, and notwithstanding any changes in our assumptions, changes in business plans, actual experience or other changes.

Overview

We are a leading fabricator of complex steel structures, modules and automation systems, and a provider of specialty services, including engineering, project management, commissioning, repair, maintenance, scaffolding, coatings, welding enclosures, cleaning and environmental, and technical field services to the industrial, energy and government sectors. Our customers include U.S. and, to a lesser extent, international energy producers; refining, petrochemical, LNG, industrial and power operators; EPC companies; and federal, state and local governments. We currently operate and manage our business through two operating divisions (“Services” and “Fabrication”) and one non-operating division (“Corporate”), which represent our reportable segments. Our corporate headquarters is located in The Woodlands, Texas and our primary operating facilities are located in Houma, Louisiana (“Houma Facility”) and Houston, Texas (“Houston Facility”). See Note 7 for further discussion of our reportable segments.

Pending Transaction with IES

On November 7, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with IES Holdings, Inc. (“IES”), a Delaware corporation, and IES Merger Sub, LLC, a Louisiana limited liability company and wholly owned subsidiary of IES (“IES Merger Sub”). The Merger Agreement provides for, on the terms and subject to the conditions of the Merger Agreement, the merger of IES Merger Sub with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of IES (the “Pending Transaction”). If the Pending Transaction is completed, each share of our common stock issued and outstanding immediately prior to the effective time of the Pending Transaction (other than certain excluded shares) will be converted into the right to receive \$12.00 in cash, without interest, and subject to deduction for any required tax withholding.

Completion of the Pending Transaction is subject to satisfaction of customary closing conditions, including, but not limited to (i) approval of the Merger Agreement and the Pending Transaction by our shareholders, and (ii) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended, the “HSR Act”). The Merger Agreement also contains certain termination rights for us and IES, including termination by mutual consent of the parties and a right for either party to terminate if the Pending Transaction is not completed by August 7, 2026, subject to certain conditions and extensions as set forth in the Merger Agreement. Additionally, the Merger Agreement requires us to pay a termination fee equal to \$7.6 million if the Merger Agreement is terminated under certain specified circumstances.

We currently expect the Pending Transaction to close in the first quarter 2026; however, we cannot predict with certainty the timing of completion of the Pending Transaction, whether and when any of the required closing conditions will be satisfied or if the Pending Transaction will be completed at all. See Note 8 for further discussion of the Pending Transaction and the Merger Agreement and Part II, Item 1A. “*Risk Factors*” for discussion of risks related to the Pending Transaction.

Former Shipyard Division

During 2021, we sold our former Shipyard Division operating assets and certain construction contracts and commenced the wind down of our remaining Shipyard Division operations, which consisted of completion of a seventy-vehicle ferry and two forty-vehicle ferry projects (collectively, the “Ferry Projects”). The wind down of our Shipyard Division operations was substantially completed in the fourth quarter 2023 and final completion occurred in the first quarter 2025 with the expiration of the last warranty period for the Ferry Projects. While our Shipyard Division represented a reportable segment for the year ended December 31, 2024, the Shipyard Division is no longer a reportable segment effective January 1, 2025. Remaining operating results for our former Shipyard Division for the three and nine months ended September 30, 2025, are included in other (income) expense, net on our Statement of Operations and are reflected within our Corporate Division. See Note 7 for further discussion of our former Shipyard Division.

Englobal Acquisition

During the second quarter 2025, we acquired the Automation Business effective May 12, 2025, for which the operating results are reflected within in our Fabrication Division from the applicable Acquisition Date, and we acquired the Engineering Business and the Government Business effective June 16, 2025, for which the operating results are reflected within our Services Division from the applicable Acquisition Date. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

Impacts of Oil and Gas Price Volatility and Macroeconomic Conditions on Operations

For over a decade, prices of oil and gas have experienced significant volatility, including depressed prices, which negatively impacted certain of our end markets and operating results, and elevated energy prices, which positively impacted certain of our end markets and operating results. Such volatility has been compounded by geopolitical turmoil and uncertainty. In addition, global economic factors that are beyond our control, have and could continue to impact our operations, including, but not limited to, labor constraints, trade policy (including tariffs) and related market uncertainty, supply chain disruptions, inflationary pressures, economic slowdowns and recessions, natural disasters, public health crises and geopolitical conflicts.

The ultimate business and financial impacts of oil and gas price volatility and macroeconomic conditions on our business and results of operations continues to be uncertain, but the impacts have included, or may continue to include, among other things, reduced bidding activity; suspension or termination of backlog; deterioration of customer financial condition; and unanticipated project costs and schedule delays due to supply chain disruptions, labor and material price increases, lower labor productivity, increased employee and contractor turnover, craft labor hiring challenges, increased safety incidents, lack of performance by subcontractors and suppliers, and contract disputes. We continue to monitor the impacts of oil and gas price volatility and macroeconomic conditions on our operations, and our estimates in future periods will be revised for any events and changes in circumstances arising after the date of this Report. See Note 1 for further discussion of the impacts of oil and gas price volatility and macroeconomic conditions and Note 2 for further discussion of the impacts of the aforementioned on our projects.

Recent Regulatory Changes

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted and includes tax reform provisions that amend, eliminate and extend tax rules under the Inflation Reduction Act of 2022 and the Tax Cuts and Jobs Act of 2017 and makes other changes to the Internal Revenue Code of 1986, as amended. We currently do not believe the OBBBA will have a material impact on our Financial Statements; however, we will continue to evaluate its impact as further information becomes available. See Note 1 for further discussion of the OBBBA.

Strategic Transformation

During 2020, we embarked on a strategy to address previous operational, market and economic challenges and position the Company to generate stable, profitable growth. Underpinning the first phase of our strategic transformation was a focus on the following initiatives:

- Reduce our risk profile;
- Preserve and improve our liquidity;
- Improve our resource utilization and centralize key project resources;
- Improve our competitiveness and project execution; and
- Reduce our reliance on the offshore oil and gas construction sector and pursue new growth end markets.

With the significant progress achieved on these objectives, including the completion of the wind down of our former Shipyard Division operations, we have shifted our priorities to the current phase of our strategic transformation, which is focused on generating stable, profitable growth. Underpinning this strategy is a focus on the following initiatives, which encompass any ongoing initiatives associated with the first phase of our strategic transformation:

- Expand our skilled workforce;
- Further improve our resource utilization;
- Further strengthen project execution and maintain bidding discipline;
- Diversify our offshore services customer base, increase our offshore services offerings and expand our services business to include onshore facilities along the Gulf Coast;
- Continue to pursue opportunities in our traditional offshore fabrication markets; and
- Reduce our reliance on the offshore oil and gas construction sector, pursue new growth end markets and increase our T&M versus fixed price revenue mix, including:
 - Fabricating modules, piping systems and other structures for onshore refining, petrochemical, LNG and industrial facilities in our core Gulf Coast region,
 - Fabricating structures in support of our customers as they transition away from fossil fuels to alternative energy end markets,
 - Fabricating structures that support public and private construction activities outside of energy end markets, and
 - Fabricating foundations, secondary steel components and support structures for offshore wind developments.

Progress on the Current Phase of our Strategic Transformation

Efforts to expand our skilled workforce – We are focused on ways to improve retention and enhance and add to our skilled, craft personnel, as we believe a strong workforce will be a key differentiator in pursuing new project awards given the scarcity of available skilled labor. We continue to evaluate opportunities to expand our skilled labor headcount given the favorable demand trends, including strategic acquisitions to increase our craft labor headcount.

Efforts to further improve our resource utilization – We are focused on maintaining and growing our small-scale fabrication business to provide more consistent utilization of our resources, while continuing to selectively pursue large-scale fabrication opportunities that meet our risk and reward expectations. In addition, we have taken actions to improve our resource utilization through the rationalization and integration of our facilities and operations. During the first quarter 2024, we sold certain real property (consisting of land and buildings) and further consolidated our fabrication operations within our Houma Facility. See Note 1 for further discussion of the property sale.

Efforts to further strengthen project execution and maintain bidding discipline – We have taken, and continue to take, actions to improve our project execution by enhancing our proposal, estimating and operations resources, processes and procedures. Our actions include strategic changes in management and key personnel, the addition of functional expertise, project management training, development of a formal “lessons learned” program, and other measures designed to strengthen our personnel, processes and procedures. Further, we are taking a disciplined approach to pursuing and bidding project opportunities, putting more rigor around our bid estimates to provide greater confidence that our estimates are achievable, increasing accountability and providing incentives for the execution of projects in line with our original estimates and subsequent forecasts, and incorporating previous experience into the bidding and execution of future projects. Additionally, we are focused on managing the risks associated with long-term fixed price contracts given the unpredictability of labor availability and labor and material costs, with a priority on increasing the mix of T&M contracts in our backlog.

Efforts to diversify our offshore services customer base, increase our offshore services offerings and expand our services business to include onshore facilities along the Gulf Coast – We believe diversifying and expanding our services business will deliver a more stable revenue stream while providing underpinning work to recruit, develop and retain our craft professionals. During the second quarter 2024, we expanded our offshore services offering to include cleaning and environmental services, which provides flushing and removal of hydrocarbon residue from process equipment and piping on offshore facilities prior to the performance of maintenance, repair or decommissioning. We are also pursuing opportunities to partner with original equipment manufacturers and other potential partners to provide critical services and value added solutions to our customers in the Gulf of America (“GOA”) and along the Gulf Coast. In addition, during the second quarter 2025, we completed the Englobal Acquisition, which broadened our service offerings to include engineering and technical field services and expanded our customer base.

Efforts to continue to pursue opportunities in our traditional offshore fabrication markets – We continue to fabricate structures associated with our traditional offshore markets, including subsea and associated structures. During 2024, we were awarded multiple contracts for the fabrication of subsea structures, resulting from our previous strategic decision to focus our resources on the subsea fabrication market. While subsea fabrication activity for 2025 to date has been less than expectations, we anticipate improvement in the fourth quarter 2025 and in 2026 associated with subsea developments across the GOA, Guyana and Brazil.

Efforts to reduce our reliance on the offshore oil and gas construction sector, pursue new growth end markets and increase our T&M versus fixed price revenue mix – While we continue to pursue opportunities in our traditional offshore markets, we are pursuing initiatives to grow our business and diversify our revenue mix.

- *Fabricate onshore modules, piping systems and structures* – We continue to focus our business development efforts on the fabrication of modules, piping systems and other structures for onshore refining, petrochemical, LNG and industrial facilities. We are having success with smaller project opportunities and our volume of bidding activity for onshore modules, piping systems and structures continues to be strong. We continue to believe that our strategic location in Houma, Louisiana and previous record of quality and on-time completion of onshore modules position us well to compete in the onshore fabrication market. In addition, during the second quarter 2025, we completed the Englobal Acquisition, which broadened our fabrication offerings to include the fabrication of automation systems, expanded our customer base and strengthened our fabrication offerings with supplemental engineering capabilities. We intend to remain disciplined in our pursuit of future large project opportunities to ensure we do not take unnecessary risks generally associated with the long-term, fixed-price nature of such projects. The timing of any future large project opportunities may be impacted by ongoing uncertainty created by oil and gas price volatility and macroeconomic conditions. In the interim, we continue to strengthen our relationships with key customers and strategic partners to enhance our competitive position. See Note 1 and “*Impacts of Oil and Gas Price Volatility and Macroeconomic Conditions on our Operations*” above for further discussion of the impacts of oil and gas price volatility and macroeconomic conditions, and Notes 3 and 7 for further discussion of the Englobal Acquisition.
- *Fabricate structures in support of our customers as they transition away from fossil fuels to alternative energy end markets* – We believe that our expertise and capabilities provide us with the necessary foundation to fabricate steel structures in support of our customers as they transition away from fossil fuels to alternative energy end markets. Examples of these opportunities include refiners who are looking to process biofuels, customers looking to embrace the growing hydrogen economy, and customers using carbon capture technologies to offset their carbon footprint.
- *Fabricate structures that support public and private construction activities outside of energy end markets* – We believe our expertise and capabilities for the fabrication of steel structures will enable us to successfully serve a wide range of construction markets. Examples of these opportunities include private construction for the fabrication of structures for data centers and semiconductor manufacturing sites and public construction related to the fabrication of structures to support infrastructure spending and federal and state governments, such as our contract for the fabrication of structural steel components in support of the rebuild of the Francis Scott Key Bridge awarded in the third quarter 2025 and our contract to fabricate steel structures in support of the NASA Artemis Mobile Launcher 2 project that is nearing completion.
- *Fabricate offshore wind foundations, secondary steel components and support structures* – We continue to believe that current initiatives, and potential future requirements, to provide electricity from renewable and green sources will result in growth of offshore wind projects. We believe that we possess the expertise to fabricate foundations, secondary steel components and support structures for this emerging market. This is demonstrated by our fabrication of wind turbine foundations for the first offshore wind project in the U.S. and the fabrication of a meteorological tower and platform for a separate offshore wind project. While we believe we have the capability to participate in this emerging market, we do not expect meaningful opportunities in the near term.

Operating Outlook

Our focus remains on securing profitable new project awards and backlog and generating operating income and cash flows, while ensuring the safety and well-being of our workforce. In the event the Pending Transaction is not completed, we would expect our success, including achieving the aforementioned initiatives, will be determined by, among other things:

- Our ability to hire, develop, motivate and retain key personnel and craft labor to execute our projects in light of industry-wide labor constraints, and maintain our expected project margins if such constraints result in labor cost increases that cannot be recovered from our customers;
- Oil and gas prices and the level of volatility in such prices, including the impact of macroeconomic conditions, geopolitical conflicts and trade policies (including tariffs);
- The level of fabrication opportunities in our traditional offshore markets and the new markets that we are pursuing, including refining, petrochemical, LNG and industrial facilities, alternative energy and offshore wind developments;
- Our ability to secure new project awards through competitive bidding and/or alliance and partnering arrangements;
- The timing of recognition of our backlog and new project awards as revenue;
- The utilization of our facilities and resources resulting from the amount and timing of new project awards and their execution;
- Our ability to execute projects within our cost estimates and successfully manage them through completion;
- The successful integration of the Englobal Business into our operations, including retention of customers and personnel;
- Consideration of organic and inorganic opportunities for growth, including, but not limited to, mergers, acquisitions, joint ventures, partnerships and other strategic arrangements, transactions and capital allocations; and
- The operability and adequacy of our major equipment.

In addition, our results may also be adversely affected by (i) losses associated with the Englobal Business until it generates sufficient revenue to fully recover its operating costs, (ii) costs associated with the retention of certain personnel that may be temporarily under-utilized as we evaluate our resource requirements to support our future operations, (iii) investments in key personnel and process improvement efforts to support our aforementioned initiatives, (iv) costs associated with the pursuit of, and investments in, strategic opportunities, and (v) costs associated with investments in organic growth opportunities prior to generating sufficient revenue to fully recover such costs, if at all. See Note 1 and *“Impacts of Oil and Gas Volatility and Macroeconomic Conditions on Operations”* above for further discussion of the impacts of oil and gas price volatility and macroeconomic conditions and Note 2 and *“Results of Operations”* below for further discussion of our project impacts.

During the pendency of the Merger Agreement, all of the above is subject to the restrictions in the Merger Agreement and the possibility that the conditions to the completion of the Pending Transaction will not be satisfied on the terms or timeline expected, or at all, including failure to obtain, or delays in obtaining, or adverse conditions related to obtaining, shareholder or regulatory approvals sought in connection with the Pending Transaction. The announcement of our entry into the Merger Agreement and the Pending Transaction may result in (i) disruptions to our business, (ii) the diversion of our attention and disruption of our relationships with third parties and employees, and (iii) litigation or other legal proceedings, any of which could negatively impact our operating results and ongoing business. See Note 8, *“Pending Transaction with IES”* above, *“Liquidity Outlook”* below and Part II, Item 1A. *“Risk Factors”* for further discussion of the Pending Transaction and the Merger Agreement.

Critical Accounting Policies

For a discussion of critical accounting policies and estimates used in the preparation of our Financial Statements, refer to *“Management’s Discussion and Analysis of Financial Condition and Results of Operations”* in Part II, Item 7 included in our 2024 Annual Report. There have been no changes to our critical accounting policies and estimates since December 31, 2024.

New Project Awards and Backlog

New project awards represent expected revenue values of new contract commitments received during a given period, including scope growth on existing commitments. A commitment represents authorization from our customer to begin work or purchase materials pursuant to a written agreement, letter of intent or other form of authorization. Backlog represents the unrecognized revenue value of our new project awards and at September 30, 2025, was consistent with the value of remaining performance obligations for our contracts required to be disclosed under Topic 606 and presented in Note 2. In general, a performance obligation is a contractual obligation to construct and/or transfer a distinct good or service to a customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. We believe that backlog, a non-GAAP financial measure, provides useful information to investors as it represents work that we are obligated to perform under our current contracts. New project awards and backlog may vary significantly each reporting period based on the timing of our major new contract commitments.

Projects in our backlog are generally subject to delay, suspension, termination, or an increase or decrease in scope at the option of the customer; however, the customer is required to pay us for work performed and materials purchased through the date of termination, suspension, or decrease in scope. Depending on the size of the project, the delay, suspension, termination, or increase or decrease in scope of any one contract could significantly impact our backlog and change the expected amount and timing of revenue recognized. New project awards by reportable segment for the three and nine months ended September 30, 2025 and 2024, are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025 ⁽¹⁾	2024	2025 ⁽¹⁾	2024
Services	\$ 28,749	\$ 20,205	\$ 70,478	\$ 68,065
Fabrication	53,230	16,902	78,173	52,784
Shipyard ⁽²⁾	—	—	—	354
Eliminations	(505)	(205)	(1,066)	(673)
Total	\$ 81,474	\$ 36,902	\$ 147,585	\$ 120,530

(1) New awards for the Services Division include the Engineering Business and the Government Business, and new awards for the Fabrication Division include the Automation Business, from the applicable Acquisition Date. See Note 3 for further discussion of the Englobal Acquisition.

(2) The Shipyard Division is no longer a reportable segment effective January 1, 2025. Remaining operating results for our former Shipyard Division are included in other (income) expense, net on our Statement of Operations and are reflected within our Corporate Division.

Backlog by reportable segment at September 30, 2025 and December 31, 2024, is as follows (in thousands):

	September 30, 2025		December 31, 2024	
	Amount	Labor Hours	Amount	Labor Hours
Services	\$ 7,771	27	\$ 52	1
Fabrication	29,073	180	15,499	123
Total ^{(1), (2)}	\$ 36,844	207	\$ 15,551	124

(1) At September 30, 2025, our large structural steel components project for our Fabrication Division represented approximately 65% of our total backlog and is anticipated to be completed in 2026, and a government services contract for our Services Division represented approximately 20% of our total backlog and is anticipated to be completed in 2028.

(2) We expect to recognize revenue of approximately \$17.4 million, \$16.4 million and \$3.0 million for the remainder of 2025, 2026 and thereafter, respectively, associated with our backlog at September 30, 2025. Certain factors and circumstances could result in changes in the timing of recognition of our backlog as revenue and the amounts ultimately recognized.

Results of Operations

Comparison of the Three Months Ended September 30, 2025 and 2024 (in thousands in each table, except for percentages):

Consolidated

	Three Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ 81,474	\$ 36,902	\$ 44,572
Revenue	\$ 51,540	\$ 37,640	\$ 13,900
Cost of revenue	46,660	32,984	(13,676)
Gross profit	4,880	4,656	224
Gross profit percentage	9.5%	12.4%	
General and administrative expense	3,651	2,985	(666)
Other (income) expense, net	83	(1)	(84)
Operating income	1,146	1,672	(526)
Interest (expense) income, net	411	647	(236)
Income before income taxes	1,557	2,319	(762)
Income tax (expense) benefit	2	(2)	4
Net income	\$ 1,559	\$ 2,317	\$ (758)

References below to 2025 and 2024 refer to the three months ended September 30, 2025 and 2024, respectively. Consolidated operating results for 2025 include the results of the Englobal Business, including an operating loss of \$1.0 million. Specifically, operating results for the Fabrication Division include the Automation Business, and operating results for the Services Division include the Engineering Business and Government Business. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

New project awards – New project awards for 2025 and 2024 were \$81.5 million and \$36.9 million, respectively. New project awards for 2025 and 2024 were primarily related to:

- A large contract for the fabrication of structural steel components for our Fabrication Division,
- Small-scale fabrication work for our Fabrication Division,
- Offshore services work for our Services Division, and
- A government services contract for our Services Division.

Revenue – Revenue for 2025 and 2024 was \$51.5 million and \$37.6 million, respectively. The increase was primarily due to:

- Higher revenue for our Fabrication Division (an increase of \$13.4 million), primarily attributable to:
 - Revenue for our large structural steel components project (primarily related to procurement activities), and
 - Revenue for the Automation Business, offset partially by,
 - Lower small-scale fabrication activity, and
- Higher revenue for our Services Division (an increase of \$1.2 million), primarily attributable to revenue for the Government Business, offset partially by,
- No revenue for our Shipyard Division (a decrease of \$0.5 million), primarily attributable to the completion of the Ferry Projects in 2024.

Gross profit – Gross profit for 2025 and 2024 was \$4.9 million (9.5% of revenue) and \$4.7 million (12.4% of revenue), respectively. The increase in gross profit for 2025 relative to 2024 was primarily due to:

- Higher revenue for our Fabrication Division and Services Division, and
- A higher margin project mix for our small-scale fabrication work for our Fabrication Division, offset partially by,
- Lower utilization of our facilities and resources for our Fabrication Division, including the underutilization of our facilities and resources for the Automation Business,
- The underutilization of our resources for the Engineering Business for our Services Division, and
- A lower margin project mix for our Services Division.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$3.7 million and \$3.0 million, respectively, representing an increase of 22.3%. The increase was primarily due to:

- Higher costs for our Fabrication Division and Services Division, including costs associated with the Englobal Business, and
- The timing of certain costs for all our divisions, offset partially by,
- Lower incentive plan costs for our Corporate Division.

Other (income) expense, net – Other (income) expense, net for 2025 was expense of \$0.1 million. Other (income) expense, net generally represents recoveries or provisions for bad debts and credit losses, gains or losses associated with the sale or disposition of property and equipment, and income or expense associated with certain nonrecurring items. Other expense for 2025 was primarily due to integration costs of \$0.1 million associated with the Englobal Acquisition for our Corporate Division. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

Interest (expense) income, net – Interest (expense) income, net for 2025 and 2024 was income of \$0.4 million and \$0.6 million, respectively. Interest (expense) income, net for both periods includes the net impact of interest earned on our cash and short-term investment balances and interest incurred on our long-term debt and the unused portion of our LC Facility.

Income tax (expense) benefit – Income tax (expense) benefit for 2025 and 2024 represents state income taxes. No federal income tax expense was recorded for our income for either period as it was fully offset by the reversal of valuation allowance on our net deferred tax assets.

Segments

Services Division

	Three Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ 28,749	\$ 20,205	\$ 8,544
Revenue	\$ 21,494	\$ 20,245	\$ 1,249
Cost of revenue	19,668	18,205	(1,463)
Gross profit	1,826	2,040	(214)
Gross profit percentage	8.5%	10.1%	
General and administrative expense	984	634	(350)
Other (income) expense, net	(1)	10	11
Operating income	\$ 843	\$ 1,396	\$ (553)

References below to 2025 and 2024 refer to the three months ended September 30, 2025 and 2024, respectively. Operating results for our Services Division for 2025 include the results of the Engineering Business and Government Business, including an operating loss of \$0.4 million. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

New project awards – New project awards for 2025 and 2024 were \$28.7 million and \$20.2 million, respectively, and were primarily related to:

- Offshore services work, and
- A government services contract.

Revenue – Revenue for 2025 and 2024 was \$21.5 million and \$20.2 million, respectively, representing an increase of 6.2%. The increase was primarily due to revenue for the Government Business.

Gross profit – Gross profit for 2025 and 2024 was \$1.8 million (8.5% of revenue) and \$2.0 million (10.1% of revenue), respectively. The decrease in gross profit for 2025 relative to 2024 was primarily due to:

- The underutilization of our resources for the Engineering Business, and
- A lower margin project mix, offset partially by,
- Higher revenue.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$1.0 million and \$0.6 million, respectively, representing an increase of 55.2%. The increase was primarily due to:

- Costs associated with the Engineering Business and Government Business, and
- The timing of certain costs.

Fabrication Division

	Three Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ 53,230	\$ 16,902	\$ 36,328
Revenue	\$ 30,551	\$ 17,110	\$ 13,441
Cost of revenue	27,497	14,569	(12,928)
Gross profit	3,054	2,541	513
Gross profit percentage	10.0%	14.9%	
General and administrative expense	978	489	(489)
Other (income) expense, net	(55)	18	73
Operating income	\$ 2,131	\$ 2,034	\$ 97

References below to 2025 and 2024 refer to the three months ended September 30, 2025 and 2024, respectively. Operating results for our Fabrication Division for 2025 include the results of the Automation Business, including an operating loss of \$0.6 million. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

New project awards – New project awards for 2025 and 2024 were \$53.2 million and \$16.9 million, respectively, and were primarily related to:

- A large contract for the fabrication of structural steel components, and
- Small-scale fabrication work.

Revenue – Revenue for 2025 and 2024 was \$30.6 million and \$17.1 million, respectively, representing an increase of 78.6%. The increase was primarily due to:

- Revenue for our large structural steel components project (primarily related to procurement activities), and
- Revenue for the Automation Business, offset partially by,
- Lower small-scale fabrication activity.

Gross profit – Gross profit for 2025 and 2024 was \$3.1 million (10.0% of revenue) and \$2.5 million (14.9% of revenue), respectively. The increase in gross profit for 2025 relative to 2024 was primarily due to:

- Higher revenue, and
- A higher margin project mix for our small-scale fabrication work, offset partially by,
- Lower utilization of our facilities and resources associated with lower small-scale fabrication activity, and
- The underutilization of our facilities and resources for the Automation Business.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$1.0 million and \$0.5 million, respectively, representing an increase of 100.0%. The increase was primarily due to:

- Costs associated with the Automation Business,
- Higher business development costs, and
- The timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2025 was income of \$0.1 million and was primarily due to gains on the sales of scrap materials and other miscellaneous income items.

Former Shipyard Division

	Three Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ —	\$ —	\$ —
Revenue	\$ —	\$ 490	\$ (490)
Cost of revenue	—	415	415
Gross profit	—	75	(75)
Gross profit percentage		15.3%	
General and administrative expense	—	—	—
Other (income) expense, net	—	53	53
Operating income	\$ —	\$ 22	\$ (22)

References below to 2025 and 2024 refer to the three months ended September 30, 2025 and 2024, respectively.

New project awards, revenue and gross profit – We had no new project awards, revenue or gross profit for 2025 as our Ferry Projects were completed during 2024 and the last warranty period for the Ferry Projects expired in the first quarter 2025. New project awards, revenue and gross profit for 2024 were related to the Ferry Projects. See Note 7 for further discussion of our former Shipyard Division.

Corporate Division

	Three Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards (eliminations)	\$ (505)	\$ (205)	\$ (300)
Revenue (eliminations)	\$ (505)	\$ (205)	\$ (300)
Cost of revenue	(505)	(205)	300
Gross profit	—	—	—
General and administrative expense	1,689	1,862	173
Other (income) expense, net	139	(82)	(221)
Operating loss	\$ (1,828)	\$ (1,780)	\$ (48)

References below to 2025 and 2024 refer to the three months ended September 30, 2025 and 2024, respectively.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$1.7 million and \$1.9 million, respectively, representing a decrease of 9.3%. The decrease was primarily due to:

- Lower incentive plan costs, and
- The timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2025 and 2024 was expense of \$0.1 million and income of \$0.1 million, respectively. Other expense for 2025 was primarily due to integration costs of \$0.1 million associated with the Englobal Acquisition. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

Comparison of the nine months ended September 30, 2025 and 2024 (in thousands in each table, except for percentages):

Consolidated

	Nine Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ 147,585	\$ 120,530	\$ 27,055
Revenue	\$ 129,351	\$ 121,783	\$ 7,568
Cost of revenue	114,295	106,845	(7,450)
Gross profit	15,056	14,938	118
Gross profit percentage	11.6%	12.3%	
General and administrative expense	10,172	9,823	(349)
Other (income) expense, net	1,537	(3,548)	(5,085)
Operating income	3,347	8,663	(5,316)
Interest (expense) income, net	1,470	1,792	(322)
Income before income taxes	4,817	10,455	(5,638)
Income tax (expense) benefit	(5)	(9)	4
Net income	\$ 4,812	\$ 10,446	\$ (5,634)

References below to 2025 and 2024 refer to the nine months ended September 30, 2025 and 2024, respectively. Consolidated operating results for 2025 include the results of the Englobal Business from the Acquisition Date, including an operating loss of \$1.5 million. Specifically, operating results for the Fabrication Division include the Automation Business, and operating results for the Services Division include the Engineering Business and Government Business, from the applicable Acquisition Date. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

New project awards – New project awards for 2025 and 2024 were \$147.6 million and \$120.5 million, respectively. New project awards for 2025 and 2024 were primarily related to:

- A large contract for the fabrication of structural steel components for our Fabrication Division,
- Small-scale fabrication work for our Fabrication Division,
- Offshore services work for our Services Division, and
- A government services contract for our Services Division.

Revenue – Revenue for 2025 and 2024 was \$129.4 million and \$121.8 million, respectively. The increase was primarily due to:

- Higher revenue for our Fabrication Division (an increase of \$14.1 million), primarily attributable to:
 - Revenue for our large structural steel components project (primarily related to procurement activities), and
 - Revenue for the Automation Business, offset partially by,
 - Lower small-scale fabrication activity, all of which was offset partially by,
- Lower revenue for our Services Division (a decrease of \$5.2 million), primarily attributable to:
 - Lower offshore services work, including lower revenue associated with our welding enclosures service line, offset partially by,
 - Revenue for the Government Business, and
- No revenue for our Shipyard Division (a decrease of \$0.9 million), primarily attributable to the completion of the Ferry Projects in 2024.

Gross profit – Gross profit for 2025 and 2024 was \$15.1 million (11.6% of revenue) and \$14.9 million (12.3% of revenue), respectively. The comparable gross profit for 2025 relative to 2024 was primarily due to:

- Higher revenue for our Fabrication Division, and
- A higher margin project mix for our small-scale fabrication work for our Fabrication Division, offset partially by,
- Lower revenue and a lower margin project mix for our Services Division,
- Lower utilization of our facilities and resources for our Fabrication Division, including the underutilization of our facilities and resources for the Automation Business, and
- The underutilization of our resources for the Engineering Business and Government Business for our Services Division.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$10.2 million and \$9.8 million, respectively, representing an increase of 3.6%. The increase was primarily due to:

- Higher costs for our Fabrication Division and Services Division, including costs associated with the Englobal Business, and
- The timing of certain costs for all our divisions, offset partially by,
- Lower incentive plan costs for our Corporate Division.

Other (income) expense, net – Other (income) expense, net for 2025 and 2024 was expense of \$1.5 million and income of \$3.5 million, respectively. Other (income) expense, net generally represents recoveries or provisions for bad debts and credit losses, gains or losses associated with the sale or disposition of property and equipment, and income or expense associated with certain nonrecurring items. Other expense for 2025 was primarily due to:

- A charge of \$1.5 million related to the Alliance Payment made in connection with the Englobal Acquisition for our Corporate Division, and
- Transaction and integration costs of \$0.6 million associated with the Englobal Acquisition for our Corporate Division, offset partially by,
- A gain of \$0.4 million associated with insurance recoveries for our Corporate Division.

Other income for 2024 was primarily due to:

- A gain of \$2.9 million on the sale of certain excess real property (consisting of land and buildings) for our Fabrication Division,
- Gains of \$1.1 million on the sales of excess equipment for our Fabrication Division, and
- Gains on the sales of scrap materials and other miscellaneous income items for our Fabrication Division, offset partially by,
- Costs of \$0.9 million associated with the consolidation of fabrication activities at our Houma Facility for our Fabrication Division.

See Notes 3 and 7 for further discussion of the Englobal Acquisition.

Interest (expense) income, net – Interest (expense) income, net for 2025 and 2024 was income of \$1.5 million and \$1.8 million, respectively. Interest (expense) income, net for both periods includes the net impact of interest earned on our cash and short-term investment balances and interest incurred on our long-term debt and the unused portion of our LC Facility.

Income tax (expense) benefit – Income tax (expense) benefit for 2025 and 2024 represents state income taxes. No federal income tax expense was recorded for our income for either period as it was fully offset by the reversal of valuation allowance on our net deferred tax assets.

Segments

Services Division

	Nine Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ 70,478	\$ 68,065	\$ 2,413
Revenue	\$ 63,327	\$ 68,546	\$ (5,219)
Cost of revenue	56,820	60,005	3,185
Gross profit	6,507	8,541	(2,034)
Gross profit percentage	10.3%	12.5%	
General and administrative expense	2,513	2,064	(449)
Other (income) expense, net	(1)	25	26
Operating income	\$ 3,995	\$ 6,452	\$ (2,457)

References below to 2025 and 2024 refer to the nine months ended September 30, 2025 and 2024, respectively. Operating results for our Services Division for 2025 include the results of the Engineering Business and Government Business from the applicable Acquisition Date, including an operating loss of \$0.6 million. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

New project awards – New project awards for 2025 and 2024 were \$70.5 million and \$68.1 million, respectively, and were primarily related to:

- Offshore services work, and
- A government services contract.

Revenue – Revenue for 2025 and 2024 was \$63.3 million and \$68.5 million, respectively, representing a decrease of 7.6%. The decrease was primarily due to:

- Lower offshore services work, including lower revenue associated with our welding enclosures service line, offset partially by,
- Revenue for the Government Business.

Gross profit – Gross profit for 2025 and 2024 was \$6.5 million (10.3% of revenue) and \$8.5 million (12.5% of revenue), respectively. The decrease in gross profit for 2025 relative to 2024 was primarily due to:

- Lower revenue,
- A lower margin project mix, and
- The underutilization of our resources for the Engineering Business and Government Business.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$2.5 million and \$2.1 million, respectively, representing an increase of 21.8%, primarily due to costs associated with the Engineering Business and Government Business.

Fabrication Division

	Nine Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ 78,173	\$ 52,784	\$ 25,389
Revenue	\$ 67,090	\$ 52,975	\$ 14,115
Cost of revenue	58,541	47,003	(11,538)
Gross profit	8,549	5,972	2,577
Gross profit percentage	12.7%	11.3%	
General and administrative expense	2,373	1,475	(898)
Other (income) expense, net	(157)	(3,387)	(3,230)
Operating income	\$ 6,333	\$ 7,884	\$ (1,551)

References below to 2025 and 2024 refer to the nine months ended September 30, 2025 and 2024, respectively. Operating results for our Fabrication Division for 2025 include the results of the Automation Business from the applicable Acquisition Date, including an operating loss of \$0.9 million. See Notes 3 and 7 for further discussion of the Englobal Acquisition.

New project awards – New project awards for 2025 and 2024 were \$78.2 million and \$52.8 million, respectively, and were primarily related to:

- A large contract for the fabrication of structural steel components, and
- Small-scale fabrication work.

Revenue – Revenue for 2025 and 2024 was \$67.1 million and \$53.0 million, respectively, representing an increase of 26.6%. The increase was primarily due to:

- Revenue for our large structural steel components project (primarily related to procurement activities), and
- Revenue for the Automation Business, offset partially by,
- Lower small-scale fabrication activity.

Gross profit – Gross profit for 2025 and 2024 was \$8.5 million (12.7% of revenue) and \$6.0 million (11.3% of revenue), respectively. The increase in gross profit for 2025 relative to 2024 was primarily due to:

- Higher revenue, and
- A higher margin project mix for our small-scale fabrication work, offset partially by,
- Lower utilization of our facilities and resources associated with lower small-scale fabrication activity, and
- The underutilization of our facilities and resources for the Automation Business.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$2.4 million and \$1.5 million, respectively, representing an increase of 60.9%. The increase was primarily due to:

- Costs associated with the Automation Business,
- Higher business development costs, and
- The timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2025 and 2024 was income of \$0.2 million and \$3.4 million, respectively. Other income for 2025 was primarily due to gains on the sales of scrap materials and other miscellaneous income items. Other income for 2024 was primarily to:

- A gain of \$2.9 million on the sale of certain excess real property (consisting of land and buildings),
- Gains of \$1.1 million on the sales of excess equipment, and
- Gains on the sales of scrap materials and other miscellaneous income items, offset partially by,
- Costs of \$0.9 million associated with the consolidation of fabrication activities at our Houma Facility.

Former Shipyard Division

	Nine Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards	\$ —	\$ 354	\$ (354)
Revenue	\$ —	\$ 935	\$ (935)
Cost of revenue	—	510	510
Gross profit	—	425	(425)
Gross profit percentage		45.5%	
General and administrative expense	—	—	—
Other (income) expense, net	—	52	52
Operating income	\$ —	\$ 373	\$ (373)

References below to 2025 and 2024 refer to the nine months ended September 30, 2025 and 2024, respectively.

New project awards, revenue and gross profit – We had no new project awards, revenue or gross profit for 2025 as our Ferry Projects were completed during 2024 and the last warranty period for the Ferry Projects expired in the first quarter 2025. New project awards, revenue and gross profit for 2024 were related to the Ferry Projects. See Note 7 for further discussion of our former Shipyard Division.

Corporate Division

	Nine Months Ended September 30,		Favorable (Unfavorable) Change
	2025	2024	
New project awards (eliminations)	\$ (1,066)	\$ (673)	\$ (393)
Revenue (eliminations)	\$ (1,066)	\$ (673)	\$ (393)
Cost of revenue	(1,066)	(673)	393
Gross profit	—	—	—
General and administrative expense	5,286	6,284	998
Other (income) expense, net	1,695	(238)	(1,933)
Operating loss	\$ (6,981)	\$ (6,046)	\$ (935)

References below to 2025 and 2024 refer to the nine months ended September 30, 2025 and 2024, respectively.

General and administrative expense – General and administrative expense for 2025 and 2024 was \$5.3 million and \$6.3 million, respectively, representing a decrease of 15.9%. The decrease was primarily due to:

- Lower incentive plan costs, and
- The timing of certain costs.

Other (income) expense, net – Other (income) expense, net for 2025 and 2024 was expense of \$1.7 million and income of \$0.2 million, respectively. Other expense for 2025 was primarily due to:

- A charge of \$1.5 million related to the Alliance Payment made in connection with the Englobal Acquisition, and
- Transaction and integration costs of \$0.6 million associated with the Englobal Acquisition, offset partially by,
- A gain of \$0.4 million associated with insurance recoveries.

See Notes 3 and 7 for further discussion of the Englobal Acquisition.

Liquidity and Capital Resources

Available Liquidity

Our primary sources of liquidity are our cash, cash equivalents and scheduled maturities of our short-term investments. At September 30, 2025, our cash, cash equivalents, short-term investments and restricted cash totaled \$64.6 million, as follows (in thousands):

	September 30, 2025
Cash and cash equivalents	\$ 23,206
Short-term investments ⁽¹⁾	40,156
Available cash, cash equivalents and short-term investments	63,362
Restricted cash	1,197
Total cash, cash equivalents, short-term investments and restricted cash	\$ 64,559

(1) Includes U.S. Treasuries with original maturities of approximately four to nine months.

Our available liquidity is impacted by changes in our working capital and our capital expenditure requirements. Fluctuations in our working capital, and its components, are not unusual in our business and are impacted by the size of our projects and the mix of our backlog. Our working capital is particularly impacted by the timing of new project awards and related payments in advance of performing work, and the subsequent achievement of billing milestones or project progress on backlog. Working capital is also impacted at period-end by the timing of contract receivables collections and accounts payable payments on our projects.

At September 30, 2025, our working capital was \$84.8 million and included \$64.6 million of cash, cash equivalents, short-term investments and restricted cash and \$1.1 million of current debt. Excluding cash, cash equivalents, short-term investments, restricted cash and current debt, our working capital at September 30, 2025 was \$21.4 million, and consisted of: net contract assets and contract liabilities of \$10.7 million; contract receivables and retainage of \$35.7 million; prepaid expenses, inventory and other current assets of \$6.3 million; and accounts payable, accrued expenses and other current liabilities of \$31.3 million. The components of our working capital (excluding cash, cash equivalents, short-term investments, restricted cash and current debt) at September 30, 2025 and December 31, 2024, and changes in such amounts during the nine months ended September 30, 2025, were as follows (in thousands):

	September 30, 2025	December 31, 2024	Change ⁽²⁾	Englobal Acquisition ⁽³⁾	Adjusted Change
Contract assets	\$ 11,679	\$ 8,611	\$ 3,068	\$ (723)	\$ 2,345
Contract liabilities	(981)	(1,278)	297	1,438	1,735
Contracts in progress, net ⁽¹⁾	10,698	7,333	3,365	715	4,080
Contract receivables and retainage, net	35,686	22,487	13,199	(2,162)	11,037
Prepaid expenses, inventory and other current assets	6,318	7,046	(728)	(92)	(820)
Accounts payable, accrued expenses and other current liabilities	(31,326)	(18,981)	(12,345)	536	(11,809)
Total	\$ 21,376	\$ 17,885	\$ 3,491	\$ (1,003)	\$ 2,488

(1) Represents our cash position relative to revenue recognized on projects, with contract assets representing unbilled amounts that reflect future cash inflows on projects, and contract liabilities representing (i) advance billings or payments that reflect estimated future cash expenditures and non-cash earnings on projects and (ii) accrued contract losses that represent estimated future cash expenditures on projects.

(2) Changes referenced in the "Cash Flow Activity" section below may differ from the changes in this table due to non-cash reclassifications and due to certain changes in balance sheet accounts being reflected within other line items on our Statement of Cash Flows, including allowance for doubtful accounts and credit losses, gains and losses on sales of property and equipment, and accruals for capital expenditures.

(3) Represents working capital amounts acquired in connection with the Englobal Acquisition, which are not reflected within operating activities on our Statement of Cash Flows.

Cash Flow Activity (in thousands)

	Nine Months Ended September 30,	
	2025	2024
Net cash provided by operating activities	\$ 7,614	\$ 15,943
Net cash used in investing activities	(7,174)	(30,729)
Net cash used in financing activities	(4,518)	(2,062)

Operating Activities – Cash provided by operating activities for the nine months ended September 30, 2025 and 2024 was \$7.6 million and \$15.9 million, respectively, and was primarily due to the net impacts of the following:

2025 Activity

- Net income adjusted for depreciation and amortization of \$3.7 million, the charge associated with the Alliance Payment of \$1.5 million and stock-based compensation expense of \$0.9 million. See Note 3 for further discussion of the Alliance Payment;
- Increase in contract receivables and retainage of \$11.0 million related to the timing of billings and collections on projects, primarily due to higher receivable positions on various projects (including our large structural steel components project) for our Fabrication Division and Services Division;
- Increase in contract assets of \$2.3 million related to the timing of billings on projects, primarily due to higher net unbilled positions on various projects for our Fabrication Division;
- Decrease in contract liabilities of \$1.7 million, primarily due to lower advance billings on various projects for our Fabrication Division;
- Decrease in prepaid expenses, inventory and other assets of \$0.8 million, primarily due to the timing of certain prepayments, offset partially by higher inventory;
- Increase in accounts payable, accrued expenses and other current liabilities of \$11.4 million related to the timing of payments, primarily due to higher accounts payable positions on various projects (including our large structural steel components project) for our Fabrication Division; and
- Change in noncurrent assets and liabilities, net of \$0.4 million.

2024 Activity

- Net income adjusted for depreciation and amortization of \$3.6 million, a gain on the sale of property and equipment of \$3.9 million and stock-based compensation expense of \$1.4 million;
- Decrease in contract receivables and retainage of \$12.8 million related to the timing of billings and collections on projects, primarily due to lower receivable positions on various projects for our Services Division and Fabrication Division;
- Increase in contract assets of \$3.1 million related to the timing of billings on projects, primarily due to higher unbilled positions on various projects for our Fabrication Division;
- Decrease in contract liabilities of \$4.0 million, primarily due to lower advance billings on various projects for our Fabrication Division;
- Decrease in prepaid expenses, inventory and other assets of \$2.4 million, primarily due to prepaid expenses and the associated timing of certain prepayments and the collection of insurance receivables associated with Hurricane Ida as discussed in Note 2;
- Decrease in accounts payable, accrued expenses and other current liabilities of \$3.3 million related to the timing of payments, primarily due to lower accounts payable positions on various projects for our Services Division and Fabrication Division; and
- Change in noncurrent assets and liabilities, net of \$0.4 million.

Investing Activities – Cash used in investing activities for the nine months ended September 30, 2025 and 2024 was \$7.2 million and \$30.7 million, respectively. Cash used in investing activities for 2025 was primarily due to net purchases of short-term investments of \$1.4 million, advances under the DIP Loan of \$3.5 million that were “credit bid” as the purchase price for the Englobal Acquisition, the Alliance Payment of \$1.5 million and capital expenditures of \$0.8 million. Cash used in investing activities for 2024 was primarily due to net purchases of short-term investments of \$35.8 million and capital expenditures of \$4.9 million, offset partially by proceeds from the sale of property and equipment of \$9.6 million and recoveries from insurance claims of \$0.3 million. See Note 1 for further discussion of the property sale, Note 2 for further discussion of our insurance recoveries and Note 3 for further discussion of the DIP Loan and Alliance Payment.

Financing Activities – Cash used in financing activities for the nine months ended September 30, 2025 and 2024 was \$4.5 million and \$2.1 million, respectively. Cash used in financing activities for 2025 and 2024 was primarily due to the repurchase of \$3.7 million and \$0.9 million, respectively, of our common stock under our Share Repurchase Program and tax payments of \$0.9 million and \$1.2 million, respectively, made on behalf of employees from vested stock withholdings. See Note 6 for further discussion of our Share Repurchase Program.

Credit Facilities

See Note 4 for discussion of our LC Facility, Surety Bonds, Note Agreement and Mortgage Agreement.

Registration Statement

We have a shelf registration statement that is effective with the SEC that expires on August 24, 2026. The shelf registration statement enables us to issue up to \$200.0 million in either debt or equity securities, or a combination thereof, from time to time subsequent to the filing of a prospectus supplement, which among other things, identifies the underwriter, dealer or agent, specifies the number and value of securities that may be sold, and provides a time frame over which the securities may be offered.

Liquidity Outlook

Under the Merger Agreement, we are subject to various covenants and agreements, including, among others, agreements to conduct our business in the ordinary course during the period between the execution of the Merger Agreement and the completion of the Pending Transaction. In addition, without the consent of IES, we may not take, authorize, agree or commit to do certain actions outside of the ordinary course of business, including incurring capital expenditures above specified thresholds, incurring additional debt in excess of specified amounts and repurchasing shares of our outstanding common stock. Subject to such restrictions, we anticipate that the primary uses of our liquidity for the remainder of 2025 and the foreseeable future will be to fund:

- Costs associated with the Pending Transaction;
- Costs associated with the underutilization of our facilities and resources for our Fabrication Division, including losses for the Englobal Business, until we secure and begin to execute sufficient backlog to achieve full utilization levels;
- Costs associated with the integration of the Englobal Business;
- Capital expenditures, including expenditures to maintain, upgrade and replace aged equipment;
- Working capital requirements for our projects, including the unwind of advance payments on projects;
- Interest and principal payments on our Note Agreement (see Note 4 for further discussion of our Note Agreement); and
- Corporate administrative expenses (including the temporary under-utilization of personnel as we evaluate our resource requirements to support our future operations).

We anticipate capital expenditures of approximately \$1.0 million to \$1.5 million for the remainder of 2025. Further investments in our facilities and equipment may be required to win and execute potential new project awards, which are not included in these estimates.

We believe that our cash, cash equivalents and short-term investments at September 30, 2025, will be sufficient to enable us to fund our operating expenses, meet our working capital and capital expenditure requirements, and satisfy any debt service obligations or other funding requirements, for the remainder of 2025 and the foreseeable future. Our evaluation of the sufficiency of our cash and liquidity is primarily based on our financial forecasts for 2025 and 2026, which are impacted by our existing backlog and estimates of future new project awards and may be further impacted by the ongoing effects of oil and gas price volatility and macroeconomic conditions, and future losses, if any, due to coverage limitations and our use of deductibles and retentions for our exposures related to property and equipment damage, builder’s risk, third-party liability and workers’ compensation and USL&H claims. We can provide no assurances that our financial forecasts will be achieved or that we will have sufficient cash and short-term investments to meet planned operating expenses and unforeseen cash requirements. Accordingly, we may be required to obtain new or additional credit facilities, sell assets or conduct equity or debt offerings at a time when it is not beneficial to do so.

Off-Balance Sheet Arrangements

We are not a party to any contract or other obligation not included on our Balance Sheet that has, or is reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of our disclosure controls and procedures were effective as of the end of the period covered by this Report.

During the third quarter 2025, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As disclosed elsewhere in this Report, we completed the Englobal Acquisition during the second quarter 2025. As permitted by SEC guidance, the scope of management's review of its internal control over financial reporting excluded the Englobal Business.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

There have been no material changes to our risk factors previously disclosed in Part I, Item 1A. “Risk Factors” of our 2024 Annual Report, except for as disclosed in Part II, Item 1A. “Risk Factors” of our quarterly report on Form 10-Q for the quarter ended June 30, 2025 and the new risk factors included below. The following risk factors should be read in conjunction with the risk factors set forth in the 2024 Annual Report.

We are subject to risks associated with government contracting and funding, which could adversely affect our business, financial condition and results of operations, and any shutdown of the federal government could negatively impact our operations.

We perform work for and contract with U.S. federal, state and local government entities, and perform work for and contract with customers that may be subject to government funding. Such contracts may extend over multiple years and are subject to various risks, including government funding limitations or delays (including due to any disruption from a government shutdown), which could result in costs being incurred by us without sufficient reimbursement under our contracts. Further, government contracts or contracts that are otherwise subject to government funding, may be modified, delayed, curtailed or terminated at the discretion of the government (including due to any disruption from a government shutdown). In addition, a government shutdown could impact inspections, regulatory review and certifications, grants and approvals, or cause other situations that could impact our projects.

In addition, we must comply with and are affected by U.S. federal, state, local, and foreign laws and regulations relating to the formation, administration and performance of government contracts. These laws and regulations affect how we do business with our customers and, in some instances, impose additional costs on our operations. Although we take precautions to prevent and deter fraud, misconduct and non-compliance, we face the risk that our employees or outside partners may engage in misconduct, fraud or other improper activities. U.S. government agencies routinely audit and investigate government contractors and evaluate compliance with applicable laws, regulations and standards. In addition, recovery of incurred project costs may be disallowed, in whole or in part, if government agencies determine that we have accounted for such costs in a manner inconsistent with the requirements of applicable laws, regulations and standards.

Any of the aforementioned could have a material adverse effect on our business, financial condition and results of operations.

The Pending Transaction may not be completed and the Merger Agreement may be terminated in accordance with its terms.

On November 7, 2025, we entered into the Merger Agreement with IES providing for the merger of IES Merger Sub with and into the Company, with the Company surviving the Pending Transaction as a wholly owned subsidiary of IES. The Merger Agreement and completion of the Pending Transaction are subject to a number of conditions which must be fulfilled in order to complete the Pending Transaction, including approval of our shareholders and the expiration or termination of the applicable antitrust waiting period under the HSR Act as well as other customary closing conditions. No assurance can be given as to the timing of the satisfaction of these conditions or that these conditions will be satisfied in a timely manner, including any delays caused by the current government shutdown, or satisfied at all. Accordingly, there can no assurance as to whether or when the Pending Transaction will be completed.

Failure to complete the Pending Transaction could negatively impact the Company.

If the Pending Transaction is not completed for any reason, our ongoing business and financial condition may be adversely affected, including in the following ways:

- We may experience negative reactions from the financial markets, including negative impacts on the market price of our common stock;
- We may experience negative reactions from our suppliers, distributors, vendors, customers or other third parties with whom we do business;
- We may experience negative reactions from employees;
- We will have incurred, and may continue to incur, significant costs relating to the Pending Transaction, such as investment banking, legal, accounting and other service provider fees and expenses, that we may not be able to recover, and may have to pay a termination fee equal to \$7.6 million if the Merger Agreement is terminated under certain specified circumstances; and
- We will have expended significant time and resources that could otherwise have been spent on our existing business or pursuant of other opportunities without realizing any of the potential benefits associated with the Pending Transaction.

The announcement or completion of the Pending Transaction may disrupt or harm our current plans and operations, may divert our time and attention, and may affect existing business relationships, any of which may impact financial performance, operating results and our ability to achieve the anticipated benefits of the Pending Transaction.

The announcement or completion of the Pending Transaction may disrupt or harm our current plans and operations and may divert our time and attention to transaction-related issues. There also may be adverse reactions to or changes in business relationships as a result of the announcement or completion of the Pending Transaction. Any of these factors could affect our financial performance or operating results.

Litigation relating to the Pending Transaction may be filed against the Company or the Board that could prevent or delay the closing of the Pending Transaction or result in the payment of damages.

In connection with the Pending Transaction, it is possible that our shareholders may file lawsuits against the Company or the Board. Among other remedies, these shareholders could seek damages or to enjoin the Pending Transaction. Any such potential lawsuits could prevent or delay the closing of the Pending Transaction or result in substantial costs to us. The outcome of any such actions would be uncertain, may create uncertainty relating to the Pending Transaction and may be costly and distracting to us. Further, the defense or settlement of any lawsuit or claim that remains unresolved at the time of the Pending Transaction may adversely affect our business, financial condition, results of operations and cash flows.

Uncertainties associated with the Pending Transaction could negatively impact our ability to attract, motivate and retain management personnel and other key employees.

Competition for qualified personnel can be intense. Our current and prospective employees may experience uncertainty about their future role with the Company in connection with the Pending Transaction until strategies with regard to these employees are announced or executed, which may impair our ability to attract, retain and motivate key management, business development, project management and other personnel prior to completion of the Pending Transaction. Employee retention may be particularly challenging as employees may experience uncertainty about their future roles with the combined company. If we are unable to retain personnel, including key management personnel, we could experience disruptions in our operations, loss of existing customers, loss of key information, expertise or know-how, and unanticipated additional recruitment and training costs.

We have incurred and expect to incur costs, fees, expenses and charges related to the Pending Transaction and may incur additional costs that we do not currently anticipate.

We have incurred and expect to incur additional costs, fees, expenses and charges related to the Pending Transaction, and we may incur additional costs that we do not currently anticipate. These costs include and may include investment banking, legal, accounting and other service provider fees, retention, severance and employee benefit-related costs, public company filing fees and other regulatory fees, as well as closing and other related costs. Some of the costs are payable regardless of whether or not the Pending Transaction is completed.

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

Issuer Purchases of Equity Securities

The following table summarizes our purchases of common stock during the three months ended September 30, 2025.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Current Program ⁽¹⁾	
			Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in thousands)
July 1 to 31, 2025	6,593	\$ 6.77	6,593	\$ 5,254
August 1 to 31, 2025	36,150	\$ 6.75	36,150	\$ 5,010
September 1 to 30, 2025	18	\$ 6.78	18	\$ 5,010
Total	42,761	\$ 6.75	42,761	

- (1) On December 4, 2023, we announced that our Board of Directors (“Board”) approved a share repurchase program (“Share Repurchase Program”) authorizing the repurchase of up to \$5.0 million of our outstanding common stock expiring December 15, 2024. On October 31, 2024, our Board approved an extension of the Share Repurchase Program to December 15, 2025. On June 4, 2025, our Board approved (i) an increase to the authorization for the Share Repurchase Program from \$5.0 million to \$10.0 million, and (ii) an extension of the Share Repurchase Program to December 15, 2026. The timing and amount of any share repurchases is at the discretion of management and may be made from time to time through transactions in the open market, in privately negotiated transactions or by other means in accordance with applicable laws. The Share Repurchase Program does not obligate us to repurchase any shares of common stock and may be modified, increased or suspended or terminated at the discretion of our Board. In accordance with certain restrictive covenants in the Merger Agreement, we have suspended activity under the Share Repurchase Program and do not intend to make further repurchases during the pendency of the Merger Agreement. See Note 6 for further discussion of our Share Repurchase Program, and Note 8 and Part I, Item 2. “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” above for further discussion of the Pending Transaction and our obligations under the Merger Agreement.

- (2) Average price paid per share includes costs associated with the repurchases.

Item 5. Other Information.

Insider Trading Arrangements

During the third quarter 2025, no director or officer of the Company adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description of Exhibit
2.1	<u>Agreement and Plan of Merger, dated as of November 7, 2025, by and among IES Holdings, Inc., IES Merger Sub, LLC and Gulf Island Fabrication, Inc., incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed with the SEC on November 10, 2025 (SEC File No. 001-34279).</u> **
3.1	<u>Amended and Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed with the SEC on May 22, 2020 (SEC File No. 001-34279).</u>
3.2	<u>Amended and Restated Bylaws of the Company, incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed with the SEC on November 6, 2023 (SEC File No. 001-34279).</u>
10.1	<u>Form of Voting and Support Agreement, dated November 7, 2025, by and among IES Holdings, Inc., Gulf Island Fabrication, Inc. and the shareholders party thereto, incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on November 10, 2025 (SEC File No. 001-34279).</u>
10.2	<u>Employment Agreement dated November 7, 2025 by and between Gulf Island Fabrication, Inc. and Richard W. Heo, effective as of the Closing Date, incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed with the SEC on November 10, 2025 (SEC File No. 001-34279).</u> †
10.3	<u>Employment Agreement dated November 7, 2025 by and between Gulf Island Fabrication, Inc. and Westley S. Stockton, effective as of the Closing Date, incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed with the SEC on November 10, 2025 (SEC File No. 001-34279).</u> †
31.1	<u>CEO Certifications pursuant to Rule 13a-14/15d-14 under the Securities Exchange Act of 1934.</u> *
31.2	<u>CFO Certifications pursuant to Rule 13a-14/15d-14 under the Securities Exchange Act of 1934.</u> *
32	<u>Section 906 Certification furnished pursuant to 18 U.S.C. Section 1350.</u> *
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document. *
104	The cover page for the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, has been formatted in Inline XBRL and is contained in Exhibit 101. *
*	Filed or furnished herewith.
**	Certain schedules or similar attachments to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant hereby agrees to furnish supplementally to the Securities and Exchange Commission upon request a copy of any omitted schedule or attachment to this exhibit.
†	Management contract or compensatory plan or arrangement effective at closing of the Pending Transaction.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

GULF ISLAND FABRICATION, INC.

BY: /s/ Westley S. Stockton
Westley S. Stockton
Executive Vice President, Chief Financial
Officer, Treasurer and Secretary (Principal Financial Officer and
Principal Accounting Officer)

Date: November 12, 2025

Certifications

I, Richard W. Heo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;
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: November 12, 2025

/s/ Richard W. Heo

Richard W. Heo

President, Chief Executive Officer and Director (Principal Executive Officer)

Certifications

I, Westley S. Stockton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;
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: November 12, 2025

/s/ Westley S. Stockton

Westley S. Stockton

Executive Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer and Principal Accounting Officer)

Certification Furnished Pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Gulf Island Fabrication, Inc. (the “Company”) for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, who are the Chief Executive Officer and Chief Financial Officer of the Company, certify pursuant to U.S.C. Section 1350, as adopted pursuant to of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or Section 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 for the period covered by the Report.

By: /s/ Richard W. Heo
Richard W. Heo
President, Chief Executive Officer and Director (Principal Executive Officer)
November 12, 2025

By: /s/ Westley S. Stockton
Westley S. Stockton
Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
November 12, 2025

A signed original of this written statement required by Section 906 has been provided to Gulf Island Fabrication, Inc. and will be retained by Gulf Island Fabrication, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
