MATRIX SERVICE COMPANY

2025 Annual Report

OUR PURPOSE.

At Matrix, our purpose is to create long-term value for our employees, business partners, shareholders, and communities everywhere, improving quality of life through the work we do.

To fulfill this purpose, we must be profitable, innovative, and growth-oriented, delivering our services safely, with high quality, and on time, resulting in strong customer relationships.

THE MATRIX WAY.

Foundational to our work and to inspiring our people is our commitment to living our core values.

OUR CORE VALUES.

- SAFETY
- INTEGRITY
- STEWARDSHIP
- COMMUNITY INVOLVEMENT
- POSITIVE RELATIONSHIPS
- DELIVER THE BEST

A MESSAGE FROM OUR PRESIDENT & CEO.

JOHN R. HEWITT

Fiscal 2025 has been a pivotal year for Matrix. While financial results did not meet the expectations we set at the beginning of the year, we made significant strides toward achieving profitability despite temporary macroeconomic uncertainties and other isolated legacy issues currently being resolved.

It is essential to look beyond the financial results to appreciate the progress achieved and the fundamental strength in our business.

- Consolidated direct gross margin across all business lines exceeded our expectations for the year, indicating improvements in both project execution and our ability to target and win projects that fit our financial and risk profile.
- Quarter-over-quarter revenue improved significantly, with the fourth quarter showing a 31% increase compared to the beginning of the year. Overall, we experienced a 6% increase in revenue compared to fiscal 2024. We anticipate that this positive trend will continue into fiscal 2026 and beyond.
- We secured significant and strategic project awards, allowing us to maintain a near-record backlog of approximately $1.4 billion. These awards are aligned with our core markets, including specialty storage for LNG, NGLs, and electrical infrastructure, much of which is tied to data center development and its associated power demands.

Entering fiscal 2026, we have booked nearly 85% of our planned revenue, most of which is already in progress, positioning us well for strong revenue growth.

We also restructured our organizational framework to ensure that Matrix is well-prepared to win, execute, and deliver on significant project opportunities available in both current and new high-growth markets where our strong brand position, skill sets, and expertise are in high demand. These opportunities, supported by ongoing multi-year megatrends that align with our long-term goals, offer both organic and inorganic growth prospects in fiscal 2026 and beyond.

Specifically, we streamlined our organization, closed underperforming business lines and offices, consolidated operational support services, restructured business development to better align with our core markets and growth objectives, and integrated our engineering and construction operations to enhance competitiveness, market alignment, and delivery.

LOOKING AHEAD. With strong momentum across our operations, we are entering a period of extended growth. Fiscal 2026 will be a critical year in our strategic journey, marked by revenue growth, a return to profitability, and continued alignment with our strategic priorities.

Given our solid financial position, realigned organizational structure, robust backlog, and extensive opportunity pipeline, we are confident in our ability to leverage the ongoing infrastructure investment cycle to transform Matrix into a scalable and resilient growth platform.

Key to achieving these objectives will be our ongoing focus on:

- Ensuring a culture of safety—both physical and mental—as a fundamental business priority.
- Maintaining a supportive work environment to attract top talent, both professional and skilled labor.
- Pursuing growth opportunities that enhance our scalability and durability.
- Providing exceptional service to our clients and delivering consistent performance excellence across all operations, including safety, quality, timeliness, and financial results.
- Maximizing technology solutions throughout the business.
- Creating value for all stakeholders.

I am proud of what our team has accomplished in fiscal 2025 and even more excited about the opportunities ahead as we enter a prolonged period of growth. By remaining disciplined, focusing on safety and quality, and continuing to improve our operations, I am confident in our ability to drive growth and create long-term value for our stockholders as we successfully win, execute, and deliver.

In closing, I would like to express my gratitude to our employees for their dedication to continuous improvement and best-in-class service delivery, our long-standing clients for entrusting us with their critical infrastructure projects, and our stockholders for their ongoing investment in Matrix.

SHAREHOLDER INFORMATION

CORPORATE OFFICES
15 E. 5th St., Ste. 1100
Tulsa, OK 74103
Phone: 918 838 8822
Fax: 918 838 8810

NOTICE OF ANNUAL MEETING
The Annual Meeting of Stockholders will be virtual and held on November 4th, 2025 at 10:00 a.m. CT. To attend virtually please visit: VirtualShareholderMeeting.com/MTRX2025

STOCK TRANSFER AGENT & REGISTRAR
Computershare Trust Company, N.A.
250 Royall St.
Canton, MA 02021

WEBSITES
MatrixServiceCompany.com
MatrixPDM.com
MatrixNAC.com
MatrixService.com
MatrixAppliedTech.com

COMMON STOCK DATA
Matrix Service Company's Common Stock is traded on NASDAQ Global Select Market under the Ticker Symbol: "MTRX"

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS
Deloitte & Touche LLP
6100 S. Yale Ave., Ste. 2010
Tulsa, OK 74136

INVESTOR AND MEDIA RELATIONS, STOCKHOLDER RELATIONS & AVAILABLE INFORMATION
Matrix Service Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained by writing to:

Kellie Smythe
Senior Director, Investor Relations, Marketing & Communications
Matrix Service Company
15 E. 5th St., Ste. 1100
Tulsa, OK 74103

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended June 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 No. 001-15461

MATRIX SERVICE COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**73-1352174**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
15 E. 5th Street Suite 1100 **Tulsa, Oklahoma**	**74103**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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

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

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer ☐ 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second quarter was approximately $316.4 million.

The number of shares of the registrant's common stock outstanding as of September 9, 2025 was 28,068,535 shares.

Documents Incorporated by Reference

Certain sections of the registrant's definitive proxy statement relating to the registrant's 2025 annual meeting of stockholders, which definitive proxy statement will be filed within 120 days of the end of the registrant's fiscal year, are incorporated by reference into Part III of this Form 10-K.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Annual Report which address activities, events or developments, which we expect, believe or anticipate will or may occur in the future are forward-looking statements. The words "believes," "intends," "expects," "anticipates," "projects," "estimates," "predicts" and similar expressions are also intended to identify forward-looking statements. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations or assumptions will be achieved.

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

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

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

- the risk factors discussed in Item 1A of this Annual Report and listed from time to time in our filings with the Securities and Exchange Commission ("SEC");
- economic, market or business conditions in general and in the natural gas, power, oil, petrochemical, agricultural and mining industries in particular;
- the transition to renewable energy sources and its impact on our current customer base;
- the under- or over-utilization of our work force;
- delays in the commencement or progression of major projects, whether due to permitting issues or other factors;
- reduced creditworthiness of our customer base and the higher risk of non-payment of receivables;
- the inherently uncertain outcome of current and future litigation;
- the adequacy of our reserves for claims and contingencies; and
- changes in laws or regulations, including the imposition, cancellation or delay of tariffs on imported goods.

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

PART I

Item 1. Business

BUSINESS

We began operations in 1984 as an Oklahoma corporation under the name of Matrix Service. In 1989, we incorporated in the State of Delaware under the name of Matrix Service Company, and in 1990 we began trading on the NASDAQ exchange. We provide engineering, fabrication, construction, and maintenance services to support critical energy infrastructure and industrial markets. We maintain regional offices throughout the United States, Canada and other international locations, and operate through separate union and non-union subsidiaries.

We operate in all 50 states, in four Canadian provinces and in other international locations. Our principal executive offices are located at 15 E. 5th Street, Suite 1100, Tulsa, Oklahoma 74103. Our telephone number is (918) 838-8822. Unless the context otherwise requires, all references herein to “Matrix Service Company”, “Matrix”, the “Company” or to “we”, “our”, and “us” are to Matrix Service Company and its subsidiaries.

Our purpose is to create long-term value for our employees, business partners, shareholders and communities everywhere. We are committed to fulfilling our purpose by being a profitable, innovative, and growth-oriented company of choice for engineering, constructing, and maintaining essential energy and industrial infrastructure that delivers its services safely, with high quality, and on time, resulting in strong customer relationships.

Through our zero incident safety culture, commitment to execution excellence and highly skilled workforce, we share one goal: to deliver the best to our customers, shareholders, employees and people across the globe who rely on the infrastructure we help design, build and maintain.

REPORTABLE SEGMENTS

We operate our business through three reportable segments:

- **Storage and Terminal Solutions:** primarily consists of engineering, procurement, fabrication, and construction services related to cryogenic and other specialty tanks and terminals for LNG, NGLs, hydrogen, ammonia, propane, butane, liquid nitrogen/liquid oxygen, and liquid petroleum. We also perform work related to traditional aboveground crude oil and refined product storage tanks and terminals. This segment also includes terminal balance of plant work, truck and rail loading/offloading facilities, and marine structures as well as storage tank and terminal maintenance and repair. Finally, we manufacture and sell precision engineered specialty tank products, including geodesic domes, aluminum internal floating roofs, floating suction and skimmer systems, roof drain systems and floating roof seals.

- **Utility and Power Infrastructure**: primarily consists of engineering, procurement, fabrication, and construction services to support growing demand for LNG utility peak shaving facilities. We also perform power delivery work for public and private utilities, including construction of new substations, upgrades of existing substations, and maintenance. We also provide construction services to a variety of power generation facilities, including natural gas fired facilities in simple or combined cycle configurations.

- **Process and Industrial Facilities**: primarily consists of plant maintenance, repair, and turnarounds in the downstream and midstream markets for energy clients including refining and processing of crude oil, fractionating, and marketing of natural gas and natural gas liquids. We also perform engineering, procurement, fabrication, and construction for refinery upgrades and retrofits for renewable fuels, including hydrogen processing, production, loading and distribution facilities. We also engineer and construct thermal vacuum test chambers for aerospace and defense industries and other infrastructure for industries including chemicals, petrochemical, sulfur, mining and minerals primarily in the extraction of non-ferrous metals, cement, agriculture, wastewater treatment facilities and other industrial customers.

STRATEGIC PRIORITIES

Our strategy is focused on delivering long-term value and profitable growth through focused execution, encapsulated within three core pillars:

Win	Our differentiated capabilities and strong customer relationships position us to capitalize on multi-year spending cycles within LNG and NGL infrastructure, data centers, hydrogen storage and utility infrastructure. We are focused on increasing our share within existing markets while strategically expanding into high-value adjacent sectors.
Execute	Operational excellence is at the heart of our approach. We are driving disciplined capital allocation, rigorous project execution, and a strong safety culture to convert backlog into high-quality revenue. This enables us to expand margins, improve operating leverage, and achieve greater earnings potential.
Deliver	By scaling revenue and enhancing operational efficiency, we are building a resilient platform designed to generate consistent performance and long-term value for our shareholders.

Matrix is well-positioned to benefit from ongoing infrastructure investment and modernization, supported by a proven track record, a strong balance sheet, and a commitment to transparency, performance, and disciplined capital allocation.

COMPETITIVE STRENGTHS

Our competitive strengths include our strong safety culture, industry leading expertise in complex storage infrastructure, full-service capabilities, long-term client relationships, high return of repeat customers, people/highly skilled workforce, commitment to execution excellence, and strong risk management practices.

OTHER BUSINESS MATTERS

Customers and Marketing

We provided services to approximately 223 customers in fiscal 2025. Most of our revenue comes from long-term customer relationships. One customer accounted for $133.9 million or 17.4% of our consolidated revenue in fiscal 2025, which was primarily included in the Utilities and Power Infrastructure segment. Another customer accounted for $80.8 million or 10.5% of our consolidated revenue in fiscal 2025, which was primarily included in the Storage and Terminal Solutions segment. See Part II, Item 8. Financial Statement and Supplementary Data, Note 13 - Segment Information, for more information about concentration of revenue by segment.

We market our services and products primarily through our marketing and business development personnel, senior professional staff and our operating management. We competitively bid most of our projects; however, we have a number of preferred provider relationships with customers who award us work through long-term agreements. Our projects have durations ranging from a few days to multiple years.

Types of Contracts

We perform work for our customers under contracts with various compensation formats that include fixed-price, time-and-material, cost-plus, or some combination thereof. Fixed-price contracts cover a defined scope of services for a fixed amount. Time-and-material contracts generally allow services to be provided for agreed-upon hourly rates for labor and reimbursement of the costs of certain materials and equipment, plus fees. Cost-plus contracts provide for reimbursement of the actual costs to perform work plus fees. Fixed-price contracts typically present opportunities for higher margins, but carry a greater risk in terms of profitability because cost overruns may not be recoverable. Time-and-material and cost-plus contracts generally have lower margins, but carry a lower risk of cost overruns. Time-and-material and cost-plus contracts may also include not-to-exceed provisions that impose risk on cost recovery and profitability, or target price and other performance provisions that provide opportunity and risk on profitability.

A significant amount of our work is performed under contracts for specific projects on a fixed-price basis. While we act as the prime contractor of full engineering, procurement, and construction ("EPC") scopes on many of our projects, we also execute a variety of contract scopes under various project delivery methods implemented by our customers, including but not limited to front-end engineering and design contracts, standalone engineering contracts, standalone fabrication contracts, standalone construction contracts, or some combination thereof, as well as and acting as a subcontractor to prime contractors for various scopes.

The Company also performs work under Master Service Agreements ("MSAs"), which allows us to provide more routine services to our customers on an as-needed basis, including but not limited to maintenance and repair services, typically priced using a time-and-material or cost-plus basis.

Competition

We compete with local, regional, national and international contractors and service providers. Competitors vary with the markets we serve. Few competitors compete in all of the markets we serve or provide all of the services we provide. Contracts are generally awarded based on price, quality, safety performance, schedule, experience and customer satisfaction.

Seasonality and Other Factors

Our operating results can exhibit seasonal fluctuations, especially in our Process and Industrial Facilities segment, for a variety of reasons. Turnarounds and planned outages at customer facilities are typically scheduled in the spring and the fall when the demand for energy is lower. Within the Utility and Power Infrastructure segment, power delivery work is generally scheduled by the public utilities when the demand for electricity is at its lowest. Therefore, revenue volume in the summer months is typically lower than in other periods throughout the year.

Our business can also be affected, both positively and negatively, by seasonal factors such as energy demand or weather conditions including hurricanes, snowstorms, and abnormally low or high temperatures. Some of these seasonal factors may cause some of our offices and projects to close or reduce activities temporarily. In addition to the above noted factors, the general timing of project starts and completions could exhibit significant fluctuations.

Other factors impacting operating results in all segments come from decreased work volume during holidays, work site permitting delays or customers accelerating or postponing work. The differing types, sizes, and durations of our contracts, combined with their geographic diversity and stages of completion, often results in fluctuations in our operating results.

Our overhead cost structure is generally fixed in the short term. Significant fluctuations in revenue volume usually leads to over or under recovery of fixed overhead costs, which can have a material impact on our gross margin and profitability.

Material Sources and Availability

We depend on the availability of certain equipment and materials for our projects, including, but not limited to, structural steel, steel piping, rebar, valves, copper, electrical components, fabricated products and equipment, and delivery freight. A number of factors that we may not be able to predict or control could result in increased costs for, or delays in delivery of, this equipment or materials, including supply chain or other logistical challenges. Global trade relationships and other general market and political conditions could also impact production, delivery or pricing of such equipment or materials (e.g., inflation, interest rates, recessionary economic conditions, and tariffs). We have been proactive with managing our procurement processes to help reduce the impacts of these factors on our business and to help ensure we continue to have the equipment and materials we need available. Rising prices and the potential for equipment and materials shortages have created additional risk in bidding and executing work profitably. See Item 1A. Risk Factors, Risks Related to our Business and Operations, for more information.

Insurance

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

Typically our contracts require us to indemnify our customers for injury, damage or loss arising from the performance of our services and provide warranties for materials. We may also be required to name the customer as an additional insured up to the limits of insurance available, to purchase special insurance policies or surety bonds for specific customers or to provide letters of credit in lieu of bonds to satisfy performance and financial guarantees on some projects. We maintain a performance and payment bonding line sufficient to support the business. We generally require our subcontractors to indemnify us and our customers and name us as an additional insured for activities arising out of the subcontractors' work. We also require certain subcontractors to provide additional security, including surety bonds in favor of us, to secure the subcontractors' work. There can be no assurance that our insurance and the additional insurance coverage provided by our subcontractors will fully protect us against a valid claim or loss under the contracts with our customers.

Human Capital Management

Employees

Successful execution of our business strategy is dependent on attracting, developing, and retaining key employees who represent our core values and the communities we serve. Our people are our greatest resource. Since 2016, we have been certified as a Great Place To Work®, both a point of pride and an invaluable tool for continuous improvement supporting our objective of remaining an employer of choice.

Given the nature of our work, the size of our employee population can vary significantly throughout the year because of the number, type, and size of projects we have in progress at any particular time. As of June 30, 2025, we had 2,239 employees worldwide. Of those employees, 633 were employed in office-based positions and 1,606 were employed in field or craft positions. The location of our employees was as follows:

Region	% of Global Workforce
United States	91 %
Canada	7 %
Other International	2 %

The percentage of our employees represented by trade unions as of June 30, 2025, was approximately 23%. Operating under collective bargaining agreements with various unions, our union employees are provided with benefits including health and welfare, pension, training programs and competitive compensation plans. We have not experienced any strikes or work stoppages in recent years and are proud that our relationships with our employees and labor unions are strong.

Business Ethics and Core Values

Core Values - Our success relies on the skills, experience and dedication of our employees. We are committed to cultivating an inclusive and dynamic work environment where people can find opportunities to succeed, grow and contribute to the success of the company. Our employees work each day to provide safe and reliable services to a wide range of customers in the states where we operate. Our core values, listed below, guide our employee behaviors and the ways in which we conduct our business and operations.

- Commitment to Safety
- Integrity
- Positive Relationships
- Stewardship
- Community Involvement
- Deliver the Best

Our employees are entrusted with engineering, constructing, and maintaining the complex, critical infrastructure that supports modern daily living and quality of life. Ethics and integrity are foundational in our ability to be successful and are engrained in our culture and core values. Across all areas of our business, we maintain focus on compliance and doing the right thing, and integrity is essential to every aspect of our business, in both policy and practice. Accordingly, we are committed to ensuring compliance with all applicable laws and regulations, and to maintaining the highest standards of ethical conduct in accordance with our code of conduct.

Health and Safety

Ensuring the safety of our employees and those around us is integral to who we are, and paramount to our success and sustainability. The journey to achieving and maintaining a zero-incident safety performance requires a strong culture of safety and hands-on leadership, combined with robust training along with comprehensive policies, processes, and systems to plan, perform, report, measure, and review, and to continuously improve our performance. We have incorporated safety as a key performance metric in our incentive compensation plan by measuring our annual Total Recordable Incident Rate (''TRIR''), which is calculated by multiplying the number of recordable incidents by 200,000 and dividing that number by the total hours worked each year. This metric is also used by others in our industry, which allows for a more objective comparison of our performance. Our TRIR was 0.51, 0.91, and 0.73 during fiscal years 2025, 2024, and 2023, respectively.

Culture and Inclusion

Foundational to attracting, developing, and retaining a diverse, engaged workforce is our commitment to making sure our employees feel safe, know they are valued, know that their work matters, and are provided opportunities to achieve their maximum potential. We believe when we value each other's differences and encourage everyone's voice to be heard, we can break down the barriers that stifle ideas and opportunities.

In fiscal 2025, we continued to advance and strengthen our culture by continuing year-round learning opportunities on unconscious bias and other inclusion-specific topics through our education offerings available to all employees through Matrix University, our internal training and development program. Our Employee Resource Groups (ERGs), also advanced understanding by sharing stories and educational information in their regular ERG meetings and across our internal communication channels, and advocated for changes to help ensure our policies are inclusive.

Our ERGs also leverage data available through our participation in the Great Place To Work ® survey to identify areas for improvement specific to culture and inclusion.

Total Rewards Package

As part of our compensation philosophy and to attract and retain superior talent, we offer and maintain market-competitive total rewards programs for our employees. In addition to base salaries, additional programs include incentive and project bonus opportunities, comprehensive healthcare coverage and insurance benefits, Company matched retirement plans, health savings and flexible spending accounts, an Employee Stock Purchase Plan, paid holidays and other paid time off, family leave, and flexible work schedules where possible. Other offerings include employee assistance programs with 365/24/7 access to resources and support, and Matrix HealthMatters, our robust wellness program that provides resources and education to help employees and their families get and stay healthy, focusing holistically on physical, mental and financial health.

Training and Employee Development Programs

Investment in continuous learning is essential to providing industry-leading expertise and service to our clients, continuous improvement across our organization, and meaningful career development opportunities for our people. From in-person to online courses, formalized and other specialized training, our employees benefit from opportunities to strengthen their leadership and management competencies, improve communication and interpersonal skills, and advance their technical proficiency. Through Matrix University, our people have access to resources that include a robust Learning Management System (LMS) that provides enterprise-wide access for employees to a number of online learning modules and support tools.

Our employees also benefit from the Matrix Performance Development Program, designed for collaborative development of annual performance goals and to promote continuous, transparent feedback between employees and their supervisors.

Employee Engagement

We also empower our employees to donate time, talent, and resources through Company-led initiatives, matching for employee charitable contributions, and paid volunteer time off. Each year, our employees collectively log thousands of hours participating in individual community service projects in addition to hours they invest serving on boards and participating in Company-sponsored charitable events. We also provide direct corporate financial support to nonprofit organizations in the communities where we live and work.

Patents and Proprietary Technology

Our subsidiaries have several patents and continue to pursue new ideas and innovations to better serve our customers in several areas of our business. The Flex-A-Span® and Flex-A-Seal® trademarks are utilized to market our unique seals for floating roof tanks. The Flowdome® trademark is used to market our geodesic dome tank roofs. Our SwingMaster® trademark is used to market our central type swing joints. The patent for the Training Tank for Personnel Entry, Exit and Rescue relates to a training device that can be used to train personnel on equipment that is made to simulate confined space scenarios. We hold two separate patents for Pipe Lifting and Orienting Apparatus and Method that is used to raise and lower pipes and to move them around the upper surface of floating roof of tanks. The Batten Joint for an Internal Floating Roof of a Fluid Tank allows us to overcome many of the disadvantages associated with other types of joints used for internal floating roofs for floating tanks.

We also hold a perpetual license to use various patents and technologies related to LNG storage tanks, liquid nitrogen/liquid oxygen storage tanks, liquid petroleum gas storage tanks and thermal vacuum chambers.

While our intellectual property is not our main business, we believe that the ability to use these patents, trademarks, and technology enables us to expand our presence in the markets we serve and minimizes the development costs typically associated with organic growth.

Regulation

Health and Safety Regulations

Our operations are subject to regulation by the U.S. Department of Labor Occupational Safety and Health Administration (“OSHA”) and Mine Safety and Health Administration (“MSHA”), the U.S. Department of Transportation, and to regulation under state laws and by the Canadian Workers’ Compensation Board and its Workplace Health, Safety and Compensation Commission. Regulations promulgated by these agencies require employers and independent contractors to implement work practices, medical surveillance systems and personnel protection programs to protect employees from workplace hazards and exposure to hazardous chemicals and materials. In recognition of the potential for accidents within various scopes of work, these agencies have enacted strict and comprehensive safety regulations. We have established and consistently reinforce and monitor compliance with comprehensive programs intended to ensure that we comply with all applicable health and safety regulations to protect the safety of our workers, subcontractors and customers. While we believe that we operate safely and prudently, there can be no assurance that accidents will not occur or that we will not incur substantial liability in connection with the operation of our businesses. In order to minimize the financial exposure resulting from potential accidents associated with our work, we maintain liability insurance to limit losses that could result from our work.

Environmental

We believe we have an obligation to better the world in which we live and work – to do today’s work in a manner that advances and protects tomorrow’s world for future generations. Across our organization, from our project sites to our offices, we are committed to environmental stewardship and to continuously seeking better, more sustainable ways to perform our work in existing and new markets, including renewables.

Our operations and the operations of our customers are subject to extensive and changing environmental laws and regulations. These laws and regulations relate primarily to air and water pollutants and the management and disposal of hazardous materials. 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 hazardous materials.

In order to limit costs incurred as a result of environmental exposure, we maintain contractor’s pollution liability insurance that covers liability that may be incurred as a result of accidental releases of hazardous materials.

We do not currently foresee any significant future capital spending relating to environmental matters.

WEBSITE ACCESS TO REPORTS

Our public website is matrixservicecompany.com. We make available free of charge through the "Investor Relations" section of our website our annual reports to stockholders, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, including exhibits, and amendments to those reports, as soon as reasonably practicable after we file or furnish to the SEC. Any materials we file with or furnish to the SEC are also maintained on the SEC website (sec.gov).

The information contained on our website, or available by hyperlink from our website, is not incorporated into this Annual Report or other documents we file with, or furnish to, the SEC. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included in the "Investor Relations" section of our website. Investors should monitor that section of our website for press releases, investor presentations, SEC filings and public conference calls and webcasts.

While not our primary means of communication, investors can also learn more about us by visiting our social media channels. We encourage investors, the media, and others interested in us to review the information posted on our Facebook site (facebook.com/matrixservicecompany), our LinkedIn account (linkedin.com/company/matrix-service-company) and our X account (x.com/MatrixServiceCo). The information contained in our social media accounts is not incorporated into this Annual Report or other documents we file with, or furnish to, the SEC.

Item 1A. Risk Factors

The following risk factors should be considered with the other information included in this Annual Report on Form 10-K. As we operate in a continuously changing environment, other risk factors may emerge which could have a material adverse effect on our results of operations, financial condition and cash flow.

Risk Factors Related to Our Business and Operations

Our results of operations depend upon the award of new contracts, the timing of those awards, and the progress of work for those contracts.

Our revenue is derived primarily from contracts awarded on a project-by-project basis. Generally, it is difficult to predict whether and when we will be awarded a new contract due to lengthy and complex bidding and selection processes, changes in existing or forecasted market conditions, customers' access to financing, governmental regulations, permitting and environmental matters. Many of these same factors can affect the commencement and progress of work under large contracts already awarded. Because our revenue is derived from contract awards, our results of operations and cash flows can fluctuate materially from period to period.

The uncertainty associated with the timing of contract awards, and the commencement and progress of work for those awards, may reduce our short-term profitability as we balance our current capacity with expectations of future contract awards. If an expected contract award is delayed or not received, we could incur costs to maintain an idle workforce that may have a material adverse effect on our results of operations. Alternatively, we may decide that our long-term interests are best served by reducing our workforce and incurring increased costs associated with severance and termination benefits, which also could have a material adverse effect on our results of operations in the period incurred. Reducing our workforce could also impact our results of operations if we are unable to adequately staff projects that are awarded subsequent to a workforce reduction.

Demand for our products and services is cyclical and is vulnerable to the level of capital and maintenance spending of our customers and to downturns in the industries and markets we serve, as well as conditions in the general economy.

The demand for our products and services depends upon the existence of construction and maintenance projects primarily in the energy markets, including LNG, hydrogen, renewable energy, midstream and downstream petroleum, and other heavy industries in the United States and Canada. Therefore, it is likely that our business will continue to be cyclical in nature and vulnerable to general downturns in the United States, Canadian and world economies and negative changes in commodity and energy prices, which could adversely affect the demand for our products and services.

The availability of engineering and construction projects is dependent upon economic conditions and the outlook for renewable energy, hydrogen, natural gas, oil, petrochemical, industrial, and power industries, and specifically, the level of capital expenditures on energy infrastructure. Our failure to obtain projects, the delay of project awards, the cancellation of projects or delays in the execution of contracts has resulted and may continue to result in under-utilization of our resources, which could adversely impact our revenue, margins, operating results and cash flow. There are numerous factors beyond our control that influence the level of maintenance and capital expenditures of our customers, including:

- the demand for alternative and renewable energy products, including hydrogen;
- ability and demand to export LNG and other hydrocarbon products;
- the demand for natural gas, oil and electricity;
- current or projected commodity prices, including natural gas, oil, power and mineral prices;
- refining margins;
- the ability of energy and industrial companies to generate, access and deploy capital;
- interest rates, inflation, and tariffs;
- technological challenges and advances;
- tax incentives, including those for alternative energy projects;
- regulatory restraints on the rates that power companies may charge their customers; and
- local, national and international political and economic conditions.

Our profitability could be negatively impacted if we are not able to maintain appropriate utilization of our workforce.

The extent to which we utilize our workforce affects our profitability. If we under utilize our workforce, our gross margins and overall profitability suffer in the short-term. If we over utilize our workforce, we may negatively impact safety, employee satisfaction and project execution. The utilization of our workforce is impacted by numerous factors including:

- our estimate of the headcount requirements for various operating units based upon our forecast of the demand for our products and services;
- our ability to maintain our talent base and manage attrition;
- productivity;

- our ability to schedule our portfolio of projects to efficiently utilize our employees and minimize downtime between project assignments; and
- our need to invest time and resources into functions such as training, business development, employee recruiting, and sales that are not chargeable to customer projects.

An inability to attract and retain qualified personnel, and in particular, engineers, project managers, and skilled craft workers, could impact our ability to perform on our contracts, which could harm our business and impair our future revenue and profitability.

Our ability to attract and retain qualified engineers, project managers, skilled craftsmen and other experienced professionals in accordance with our need is an important factor in our ability to maintain profitability and grow our business. Competent and experienced engineers, project estimators, project managers, and craft workers are especially critical to the profitable performance of our contracts, particularly on our fixed-price contracts where superior design and execution of the project can result in profits greater than originally estimated or where inferior design and project execution can reduce or eliminate estimated profits or even result in a loss. The market for these professionals is competitive, particularly during periods of economic growth when the supply is limited. We cannot provide any assurance that we will be successful in our efforts to retain or attract qualified personnel when needed. Therefore, when we anticipate or experience growing demand for our services, we may incur additional cost to maintain a professional staff in excess of our current contract needs in an effort to have sufficient qualified personnel available to address this anticipated demand. If we do incur additional compensation and benefit costs, our customer contracts may not allow us to pass through these costs.

The loss of one or more of our significant customers could adversely affect us.

One or more customers have in the past and may in the future contribute a material portion of our revenue in any one year. One customer accounted for $133.9 million or 17.4% of our consolidated revenue in fiscal 2025, which was primarily included in the Utilities and Power Infrastructure segment. Another customer accounted for $80.8 million or 10.5% of our consolidated revenue in fiscal 2025, which was primarily included in the Storage and Terminal Solutions segment. Because these significant customers generally contract with us for specific projects or for specific periods of time, we may lose these customers from year to year as the projects or maintenance contracts are completed. The loss of business from any one of these customers could have a material adverse effect on our business or results of operations.

Our backlog is subject to unexpected fluctuations, adjustments and cancellations and does not include the full value of our long-term maintenance contracts, and therefore, may not be a reliable indicator of our future earnings.

Backlog may not be a reliable indicator of our future performance. We cannot guarantee that the revenue projected in our backlog will be realized or profitable. Projects may remain in our backlog for an extended period of time. In addition, project cancellations or scope adjustments may occur from time to time with respect to contracts included in our backlog that could reduce the dollar amount of our backlog and the revenue and profits that we actually earn. Many of our contracts have termination rights. Therefore, project adjustments may occur from time to time to contracts in our backlog.

The terms of our contracts could expose us to unforeseen costs and costs not within our control, which may not be recoverable and could adversely affect our results of operations and financial condition.

A significant amount of our work is performed under fixed-price contracts. Under fixed-price contracts, we agree to perform the contract for a fixed price and, as a result, can improve our expected profit by superior execution, productivity, workplace safety and other factors resulting in cost savings. However, we could incur cost overruns above the approved contract price, which may not be recoverable. Under certain incentive fixed-price contracts, we may agree to share with a customer a portion of any savings we generate while the customer agrees to bear a portion of any increased costs we may incur up to a negotiated ceiling. To the extent costs exceed the negotiated ceiling price, we may be required to absorb some or all of the cost overruns.

Fixed-price contract prices are established based largely upon estimates and assumptions relating to project scope and specifications, personnel and productivity, material needs, and site conditions. These estimates and assumptions may prove inaccurate, or conditions may change due to factors out of our control, resulting in cost overruns, which we may be required to absorb and which could have a material adverse effect on our business, financial condition and results of operations. In addition, our profits from these contracts could decrease or we could experience losses if we incur difficulties in performing the contracts or are unable to secure fixed-pricing commitments from our manufacturers, suppliers and subcontractors at the time we enter into fixed-price contracts with our customers.

Under cost-plus and time-and-material contracts, we perform our services in return for payment of our agreed upon reimbursable costs plus a profit. The profit component is typically expressed in the contract either as a percentage of the reimbursable costs we actually incur or is factored into the rates we charge for labor or for the cost of equipment and materials, if any, we are required to provide. Our profit could be negatively impacted if our actual costs exceed the estimated costs utilized to establish the billing rates included in the contracts.

We may incur significant costs in providing services in excess of original project scope without having an approved change order.

After commencement of a contract, we may perform, without the benefit of an approved change order from the customer, additional services requested by the customer that were not contemplated in our contract price for various reasons, including customer changes or incomplete or inaccurate engineering, changes in project specifications and other similar information provided to us by the customer. Our construction contracts generally require the customer to compensate us for additional work or expenses incurred under these circumstances.

A failure to obtain adequate compensation for these matters could require us to record in the current period an adjustment to revenue and profit recognized in prior periods under the percentage-of-completion accounting method. Any such adjustments, if substantial, could have a material adverse effect on our results of operations and financial condition, particularly for the period in which such adjustments are made. We can provide no assurance that we will be successful in obtaining, through negotiation, arbitration, litigation or otherwise, approved change orders in an amount adequate to compensate us for our additional work or expenses.

Our business may be affected by difficult work sites and environments, which may adversely affect our overall business.

We perform our work under a variety of conditions, including, but not limited to, difficult terrain, difficult site conditions and busy urban centers where delivery of materials and availability of labor may be impacted. Performing work under these conditions can slow our progress, potentially causing us to incur contractual liability to our customers. These difficult conditions may also cause us to incur additional, unanticipated costs that we might not be able to pass on to our customers.

We are susceptible to severe weather conditions, including those caused by climate change or otherwise, which may harm our business and financial results.

Our business may be adversely affected by severe weather in areas where we have significant operations. Repercussions of severe weather conditions may include:

- curtailment of services;
- suspension of operations;
- inability to meet performance schedules in accordance with contracts and potential liability for liquidated damages;
- injuries or fatalities;
- weather related damage to our facilities or work-in-progress on project sites;
- disruption of information systems;
- inability to receive machinery, equipment and materials at job sites; and
- loss of productivity.

The frequency and severity of severe weather conditions may be enhanced by present and future changes to our climate.

Our business has been affected by inflation, supply chain disruptions and shortages of materials and labor.

We may experience increases in construction costs, including increases in the costs of materials and labor due to inflation or supply chain challenges. To the extent we can, we mitigate these risks primarily by procuring materials upon contract execution to ensure that our purchase price approximates the costs included in the project estimate, and also by contract provisions that mitigate our exposure to fluctuations in material costs. However, we may be unable to pass through some or all of these increases in costs to our customers which may materially affect our results of operations. Additionally, our clients' interest in approving new projects, budgets for capital expenditures and need for our services have in the past been, and may in the future be, adversely affected by, among other things, poor economic conditions, including inflation, slow growth or recession, changes to governments' fiscal or monetary policy and higher interest rates. These factors could materially and adversely affect the demand for our services.

Changes in global trade policy and the impact on tariffs may have a material adverse effect on business operations and financial performance.

The new U.S. presidential administration has announced tariffs on U.S. imports generally, with higher rates for select U.S. trade partners. Certain foreign governments have also announced retaliatory tariffs. The tariff policy environment has been and is expected to continue to be dynamic, and we cannot predict what additional actions may ultimately be taken by the United States or other governments with respect to tariffs or trade relations.

Domestic and foreign trade tariffs could raise the price and reduce the availability of raw materials such as steel plate and steel pipe, which are key materials used by us. Increased costs of raw materials could cause us to experience lower gross margins, operational inefficiencies and project delays. We include contract provisions that mitigate our exposure to fluctuations in material costs and to the impact of changes in laws and regulations. We also utilize contracting strategies that allow us to spread the risk of cost increases to other involved parties. However, we may be unable to pass through some or all of these increases in costs to other parties which may materially affect our results of operations. To the extent we can, we also mitigate these risks primarily by procuring materials upon contract execution to ensure that our purchase price approximates the costs included in the project estimate.

Additionally, tariffs or other trade restrictions may lead to continuing uncertainty and volatility in U.S. economic conditions and commodity markets, declining consumer confidence, significant inflation, and diminished expectations for the economy. These factors could increase our costs and reduce our customers’ demand for our services, including decisions by our clients on project viability or timing, which could negatively impact our operating results and financial condition.

Unsatisfactory safety performance may subject us to penalties, affect customer relationships, result in higher operating costs, negatively impact employee morale and result in higher employee turnover.

Our projects are conducted at a variety of sites including construction sites and industrial facilities. With each location, hazards are part of the day-to-day exposures that we must manage on a continuous basis to ensure our employees return home from work the same way they arrived. We understand that everyone plays a role with safety and everyone can make a difference with their active participation. With our proactive approach, our strategy is to identify the exposures and correct them before they result in an incident whether that involves an injury, damage or destruction of property, plant and equipment or an environmental impact. We are intensely focused on maintaining a strong safety culture and strive for zero incidents.

Although we have taken what we believe are appropriate precautions to adequately train and equip our employees, we have experienced serious accidents, including fatalities, in the past and may experience additional accidents in the future. Serious accidents may subject us to penalties, civil litigation or criminal prosecution. Claims for damages to persons, including claims for bodily injury or loss of life, could result in costs and liabilities, which could materially and adversely affect our financial condition, results of operations or cash flows. Poor safety performance could also jeopardize our relationships with our customers and increase our insurance premiums.

We are exposed to credit risk from customers. If we experience delays and/or defaults in customer payments, we could suffer liquidity problems or we could be unable to recover amounts owed to us.

Under the terms of our contracts, at times we commit resources to customer projects prior to receiving payments from customers in amounts sufficient to cover expenditures on these projects as they are incurred. Many of our fixed-price or cost-plus contracts require us to satisfy specified progress milestones or performance standards in order to receive a payment. Under these types of arrangements, we may incur significant costs for labor, equipment and supplies prior to receipt of payment. If the customer fails or refuses to pay us for any reason, there is no assurance we will be able to collect amounts due to us for costs previously incurred. In some cases, we may find it necessary to terminate subcontracts with suppliers engaged by us to assist in performing a contract, and we may incur costs or penalties for canceling our commitments to them. Delays in customer payments require an investment in working capital. If we are unable to collect amounts owed to us under our contracts, we may be required to record a charge against previously recognized earnings related to the project, and our liquidity, financial condition and results of operations could be adversely affected.

We contribute to multiemployer plans that could result in liabilities to us if those plans are terminated or if we withdraw from those plans.

We contribute to several multiemployer pension plans for employees covered by collective bargaining agreements. These plans are not administered by us and contributions are determined in accordance with provisions of negotiated labor contracts. The Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multiemployer plan in the event of the employer's withdrawal from, or upon termination of, such plan. If we terminate, withdraw, or partially withdraw from other multiemployer pension plans, we could be required to make significant cash contributions to fund that plan's unfunded vested benefit, which could materially and adversely affect our financial condition and results of operations; however, we are not currently able to determine the net assets and actuarial present value of the multiemployer pension plans' unfunded vested benefits allocable to us, if any, and we are not presently aware of the amounts, if any, for which we may be contingently liable if we were to withdraw from any of these plans. In addition, if the funding level of any of these multiemployer plans becomes classified as "critical status" under the Pension Protection Act of 2006, we could be required to make significant additional contributions to those plans.

A failure or outage in our operational systems or cyber security attacks on any of our systems, or those of third parties, may adversely affect our financial results.

We have become more reliant on technology to help increase efficiency in our business. We use numerous technologies to help run our operations, and this may subject our business to increased risks. Any cyber security attack that affects our facilities, our systems, our customers and any of our financial data could have a material adverse effect on our business. In addition, a cyber-attack on our customer and employee data may result in a financial loss, including potential fines for failure to safeguard data, and may damage our reputation. Third-party systems on which we rely could also suffer system failure. Additionally, as artificial intelligence ("AI") technologies become increasingly sophisticated, the security risks associated with their use and the potential for misuse also increase. Hackers and malicious actors can harness the power of AI to develop more advanced cyberattacks, bypass security measures, and exploit vulnerabilities in systems. Deepfake technology can be used to undermine organizations, spread false claims, misinform investors, and impact financial markets. Any of these occurrences could disrupt our business, result in potential liability or reputational damage or otherwise have an adverse effect on our financial results.

Any security breach resulting in the unauthorized use or disclosure of certain personal information could put individuals at risk of identity theft and financial or other harm and result in costs to us in investigation, remediation, legal defense and in liability to parties who are financially harmed. We may incur significant costs to protect against the threat of information security breaches or to respond to or alleviate problems caused by such breaches. For example, laws may require notification to regulators, clients or employees and enlisting credit monitoring or identity theft protection in the event of a privacy breach. A cybersecurity attack could also be directed at our systems and result in interruptions in our operations or delivery of services to our clients and their customers. Furthermore, a material security breach could cause us to lose revenue, lose clients or cause damage to our reputation.

We have experienced cybersecurity threats to our information technology infrastructure and have experienced cyber-attacks, attempts to breach our systems and other similar incidents. Such prior events have not had a material impact on our financial condition, results of operations or liquidity. However, future threats could cause harm to our business and our reputation, as well as negatively impact our results of operations materially. Our insurance coverage may not be adequate to cover all the costs related to cyber-attacks or disruptions resulting from such events.

We rely on internally and externally developed software applications and systems to support critical functions including project management, estimating, scheduling, human resources, accounting, and financial reporting. Any sudden loss, disruption or unexpected costs to maintain these systems could significantly increase our operational expense as well as disrupt the management of our business operations.

We rely on various software systems to conduct our critical operating and administrative functions. We depend on our software vendors to provide long-term software maintenance support for our information systems. Software vendors may decide to discontinue further development, integration or long-term software maintenance support for our information systems, in which case we may need to abandon one or more of our current information systems and migrate some or all of our project management, human resources, estimating, scheduling, accounting and financial information to other systems, thus increasing our operational expense as well as disrupting the management of our business operations. Additionally, we may use artificial intelligence in our business, and challenges with effectively managing associated processes, data, and models could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations. If the content, analyses, or recommendations that artificial intelligence applications assist in producing are, or are alleged to be, unstable, deficient, inaccurate, biased, or yield conclusions for which there is no actionable recourse for those affected by its decisions, our business, financial condition, and results of operations may be adversely affected.

Financial Risks

Our borrowing capacity under our Credit Agreement is determined by the size of our borrowing base and if the size of our borrowing base combined with our unrestricted cash does not provide adequate liquidity, then we may need to raise

additional capital in the future for working capital, letters of credit, capital expenditures and/or acquisitions, and we may not be able to do so on favorable terms or at all, which would impair our ability to operate our business or achieve our strategic plan.

Management believes it has sufficient cash on hand and will generate sufficient cash from operations to fund the business. However, should we require additional liquidity, there is risk that we will be unable to access the amount of additional liquidity needed from our Credit Agreement if the level of assets included in the borrowing base is insufficient. The borrowing base includes restricted cash plus a percentage of the value of certain accounts receivable, inventory and equipment, reduced for certain reserves. Accounts receivable eligible to be included in the borrowing base are generally limited to receivables associated with time and materials and other cost reimbursable contracts. While receivables associated with fixed price work do not increase the borrowing base, such work often has upfront billings, which help support the liquidity needs of the business.

To the extent that cash on hand, cash flow from operations, and borrowing availability under the Credit Agreement are insufficient to make future investments, or provide needed working capital or letters of credit, we may require additional financing from other sources. Our ability to obtain such additional financing in the future will depend in part upon prevailing capital market conditions, as well as conditions in our business and our operating results; and those factors may affect our efforts to arrange additional financing on terms that are satisfactory to us. If adequate funds are not available, or are not available on acceptable terms, we may not be able to make future investments or respond to competitive challenges.

Our Credit Agreement imposes restrictions that may limit business alternatives.

Our Credit Agreement prohibits or limits us from making acquisitions, repurchasing equity, incurring additional debt, acquiring or disposing of assets, or making other distributions, including cash dividends. In addition, our Credit Agreement requires that we comply with a Fixed Charge Coverage Ratio financial covenant under certain conditions. These covenants and restrictions may impact our ability to effectively execute operating and strategic plans and our operating performance may not be sufficient to comply with the required covenants.

Our failure to comply with one or more of the covenants in our Credit Agreement could result in an event of default. We can provide no assurance that a default could be remedied, or that our creditors would grant a waiver or further amend the terms of the Credit Agreement.

We may be unable to compete for projects if we are not able to obtain surety bonds or letters of credit.

Customers may require us to provide forms of performance security, including letters of credit, or surety bonds. We are often required to provide performance security to customers to indemnify the customer should we fail to perform our obligations under the contract. Failure to provide the required performance security on terms required by a customer may result in an inability to bid, win or comply with the contract. Historically, we have had adequate letters of credit capacity but such capacity beyond our Senior Credit Facility is generally at the provider's sole discretion. Due to events that affect the banking and insurance markets, letters of credit or surety bonds may be difficult to obtain or may only be available at significant cost. In addition, future projects may require us to obtain letters of credit that extend beyond the term of our Senior Credit Facility. Any inability to bid for or win new contracts due to the failure of obtaining adequate letters of credit, surety bonds or other customary forms of performance security could have a material adverse effect on our business prospects and future revenues.

Accounting Risks

Our use of percentage-of-completion accounting for fixed-price contracts could result in a reduction or elimination of previously reported profits.

Revenue for fixed-price contracts is recognized using the percentage-of-completion method of accounting. Under percentage-of-completion accounting, contract revenue and earnings are recognized ratably over the contract term based on the proportion of actual costs incurred to total estimated costs. We review our estimates of contract revenue, costs and profitability on a monthly basis. As a result, we may adjust our estimates on one or more occasions as a result of changes in cost estimates, change orders to the original contract, or claims against the customer for increased costs incurred by us due to customer-induced delays and other factors. See "Revenue Recognition" within Note 1 - Basis of Presentation and Significant Accounting Policies, for more discussion on our percentage-of-completion revenue recognition.

If estimates of costs to complete fixed-price contracts indicate a loss, a provision is made to accrue the total loss anticipated in the period the loss is determined. Contract profit estimates are also adjusted, on a percentage of completion basis, in the fiscal period in which it is determined that an adjustment is required. No restatements are made to prior periods. Further, many of our contracts contain various cost and performance incentives and penalties that impact the earnings we realize from our contracts, and adjustments related to these incentives and penalties are recorded on a percentage of completion basis in the period when estimable and probable.

As a result of the requirements of the percentage-of-completion method of accounting, the possibility exists that we could have estimated and reported a profit on a contract over several prior periods and later determine, as a result of additional information, that all or a portion of such previously estimated and reported profits were overstated. If this occurs, the full aggregate amount of the overstatement will be recognized in the period in which such change in estimate occurs.

Actual results could differ from the estimates and assumptions that we use to prepare our financial statements.

To prepare financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions, as of the date of the financial statements, which affect the reported values of assets, liabilities, revenue and expenses and disclosures of contingent assets and liabilities. Areas requiring significant estimation by our management include:

- contract costs and application of percentage-of-completion accounting;
- provisions for uncollectable receivables from customers for invoiced amounts;
- the amount and collectability of unpriced change orders and claims against customers;
- provisions for income taxes and related valuation allowances;
- recoverability of goodwill and intangible assets;
- valuation of assets acquired and liabilities assumed in connection with business combinations; and
- accruals for estimated liabilities, including litigation reserves.

Our actual results could materially differ from these estimates.

Earnings for future periods may be affected by impairment charges.

Because we have grown in part through acquisitions, goodwill and other acquired intangible assets represent a substantial portion of our assets. We perform annual goodwill impairment reviews in the fourth quarter of every fiscal year. In addition, we perform an impairment review whenever events or changes in circumstances indicate the fair value of a goodwill reporting unit may be less than its carrying value or the carrying value of an intangible or fixed asset may not recoverable. As of June 30, 2025, we had $29.0 million of non-amortizing goodwill representing 4.8% of our total assets.

Legal, Insurance, Regulatory and Compliance Risks

We are involved, and are likely to continue to be involved in legal proceedings, which will increase our costs and, if adversely determined, could have a material effect on our financial condition, results of operations, cash flows and liquidity.

We are currently a defendant in legal proceedings arising from the operation of our business, and it is reasonable to expect that we would be named in future actions. Many of the actions against us arise out of the normal course of performing services on project sites, and include workers' compensation claims, personal injury claims and contract disputes with our customers. From time to time, we are also named as a defendant for actions involving the violation of federal and state labor laws related to employment practices, wages and benefits. We may also be a plaintiff in legal proceedings against customers seeking to recover payment of contractual amounts due to us as well as claims for increased costs incurred by us resulting from, among other things, services performed by us at the request of a customer that are in excess of original project scope that are later disputed by the customer and customer-caused delays in our contract performance.

We maintain insurance against operating hazards in amounts that we believe are customary in our industry. However, our insurance policies include deductibles and certain coverage exclusions, so we cannot provide assurance that we are adequately insured against all of the risks associated with the conduct of our business. A successful claim brought against us in excess of, or outside of, our insurance coverage could have a material adverse effect on our financial condition, results of operations, cash flows and liquidity.

Litigation, regardless of its outcome, is expensive, typically diverts the efforts of our management away from operations for varying periods of time, and can disrupt or otherwise adversely impact our relationships with current or potential customers, subcontractors and suppliers. Payment and claim disputes with customers may also cause us to incur increased interest costs resulting from incurring indebtedness under our revolving line of credit or receiving less interest income resulting from fewer funds invested due to the failure to receive payment for disputed claims and accounts.

Our projects expose us to potential professional liability, product liability, pollution liability, warranty and other claims, which could be expensive, damage our reputation and harm our business. We may not be able to obtain or maintain adequate insurance to cover these claims.

We perform construction and maintenance services at large industrial facilities where accidents or system failures can be disastrous and costly. Any catastrophic occurrence in excess of our insurance limits at locations engineered or constructed by us or where our products are installed or services performed could result in significant professional liability, product liability, warranty and other claims against us by our customers, including claims for cost overruns and the failure of the project to meet contractually specified milestones or performance standards. Further, the rendering of our services on these projects could expose us to risks and claims by third parties and governmental agencies for personal injuries, property damage and environmental matters, among others. Any claim, regardless of its merit or eventual outcome, could result in substantial costs, divert management's attention and create negative publicity, particularly for claims relating to environmental matters where the amount of the claim could be extremely large. We may not be able to or may choose not to obtain or maintain insurance coverage for the types of claims described above. If we are unable to obtain insurance at an acceptable cost or otherwise protect against the claims described above, we will be exposed to significant liabilities, which may materially and adversely affect our financial condition and results of operations.

Employee, subcontractor or partner misconduct or our overall failure to comply with laws or regulations could harm our reputation, damage our relationships with customers, reduce our revenue and profits, and subject us to criminal and civil enforcement actions.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one of our employees, subcontractors or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with safety standards, laws and regulations, customer requirements, regulations pertaining to the internal controls over financial reporting, environmental laws and any other applicable laws or regulations. The precautions we take to prevent and detect these activities may not be effective, since our internal controls are subject to inherent limitations, including human error, the possibility that controls could be circumvented or become inadequate because of changed conditions, and fraud.

Our failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines and penalties, harm our reputation, damage our relationships with customers, reduce our revenue and profits and subject us to criminal and civil enforcement actions.

Environmental factors and changes in laws and regulations could increase our costs and liabilities.

Our operations are subject to environmental laws and regulations, including those concerning emissions into the air; discharges into waterways; generation, storage, handling, treatment and disposal of hazardous material and wastes; and health and safety.

Our projects often involve highly regulated materials, including hazardous wastes. Environmental laws and regulations generally impose limitations and standards for regulated materials and require us to obtain permits and comply with various other requirements. The improper characterization, handling, or disposal of regulated materials or any other failure by us to comply with federal, state and local environmental laws and regulations or associated environmental permits could subject us to the assessment of administrative, civil and criminal penalties, the imposition of investigatory or remedial obligations, or the issuance of injunctions that could restrict or prevent our ability to operate our business and complete contracted projects.

In addition, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), and comparable state and foreign laws, we may be required to investigate and remediate regulated materials. CERCLA and the comparable state laws typically impose liability without regard to whether a company knew of or caused the release, and liability for the entire cost of clean-up can be imposed upon any responsible party.

We are subject to numerous other laws and regulations including those related to business registrations and licenses, environment, workplace, employment, health and safety. These laws and regulations are complex, change frequently and could become more stringent in the future. It is impossible to predict the effect on us of any future changes to these laws and regulations. We can provide no absolute assurance that our operations will continue to comply with future laws and regulations or that the costs to comply with these laws and regulations and/or a failure to comply with these laws will not significantly adversely affect our business, financial condition and results of operations.

Climate change legislation or regulations restricting emissions of "greenhouse gases" could result in reduced demand for certain services and products we provide.

There has been an increased focus in the last several years on climate change in response to findings that emissions of carbon dioxide, methane and other greenhouse gases present an endangerment to public health and the environment. As a result, there have been a variety of regulatory developments, proposals or requirements and legislative initiatives as well as pressure from institutional investors to restrict the emission of greenhouse gases. The growing imperative on customers for whom we provide services to limit greenhouse gas emissions could affect demand for certain services and products we provide. Further, scientists have concluded that increasing greenhouse gas concentrations in the atmosphere may produce physical effects, such as increased severity and frequency of storms, droughts, floods and other climate events. Such climate events have the potential to adversely affect certain operations or those of certain customers, which in turn could have a negative effect on us. We believe this risk is partly mitigated by new project opportunities resulting from our customers' investment in cleaner energy sources.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials or others for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in parts of the world that have experienced corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We train our personnel concerning anti-bribery laws and issues, and we also inform our customers, vendors, and others who work for us or on our behalf that they must comply with anti-bribery law requirements. We also have procedures and controls in place to monitor compliance. We cannot assure that our internal controls and procedures always will protect us from the possible reckless or criminal acts committed by our employees or agents. If we are found to be liable for anti-bribery law violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others including our partners, agents, subcontractors or suppliers), we could suffer from criminal or civil penalties or other sanctions, including contract cancellations or debarment, and loss of reputation, any of which could have a material adverse effect on our business. Litigation or investigations relating to alleged or suspected violations of anti-bribery laws, even if ultimately such litigation or investigations demonstrate that we did not violate anti-bribery laws, could be costly and could divert management's attention away from other aspects of our business.

Economic, political and other risks associated with international operations could adversely affect our business.

A small portion of our operations are conducted outside the United States, and accordingly, our business is subject to risks associated with doing business internationally, including changes in foreign currency exchange rates, instability in political or economic conditions, difficulty in repatriating cash proceeds, differing employee relations, differing regulatory environments, trade protection measures, and difficulty in administering and enforcing corporate policies which may be different than the normal business practices of local cultures.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We have implemented a cybersecurity program to assess, identify and manage risk from cybersecurity threats. This program aims to protect the confidentiality, availability and integrity of our information systems from potential threats. Our cybersecurity risk management program includes, among other things, risk assessments designed to identify threats to our critical systems and information services, and a team comprising IT Security, IT Infrastructure and IT Compliance personnel that administer the program with oversight by senior management.

We have incorporated cybersecurity risk into our extensive risk management framework by aligning it with our overall risk strategy. This involves identifying potential cybersecurity threats, assessing their impact and developing mitigation strategies. These governance processes apply across the enterprise risk management program to other legal, compliance, strategic, operational and financial risk areas, ensuring that cybersecurity risks are managed effectively and are in line with the organization's risk tolerance and business objectives.

Our security program generally incorporates the guidelines of the widely utilized National Institute of Standards and Technology Cybersecurity Framework, though this does not imply we meet any particular technical standards, specifications or requirements. As part of our enterprise-wide risk management strategy and commitment to continuous improvement, we are actively pursuing ISO/IEC 27001 certification, the internationally recognized standard for information security management systems. We have initiated the formal implementation process, including a comprehensive gap assessment and roadmap development. Progress toward certification is regularly reviewed by the IT Steering Committee and reported to the Board of Directors.

All employees participate in multiple information security training programs. Employees receive training on how to identify and report cyber risks and events through our cybersecurity awareness program. Additionally, we hold cybersecurity risk insurance.

We also engage external experts to evaluate our cybersecurity programs. These evaluations include regular audits, threat assessments, simulated attacks, vulnerability scans and advice on information security practices. We routinely conduct incident response exercises with key stakeholders.

To manage risks associated with third-party service providers, the information security team categorizes suppliers based on factors such as volume and criticality of data handled, potential impact on business operations and level of access to our information systems. We conduct risk assessments to identify potential threats and vulnerabilities associated with each supplier. We screen suppliers to ensure they meet proper security standards and compliance requirements. We monitor all supplier activities to ensure compliance with information security policies and conduct regular reviews and audits of supplier relationships to ensure ongoing compliance. We strive to ensure that our contracts with such vendors require them to maintain security controls in line with industry best practices, applicable laws and our policies. We rely on vendors to alert us promptly of material cybersecurity incidents by virtue of the documents governing their relationship with us or applicable law.

Governance

Our Board of Directors, with assistance from the IT Steering Committee, oversees cybersecurity. Our Board of Directors receives reports as needed, but no less than biannually, from management on various cybersecurity and IT topics, including trends, data security policies and practices, cybersecurity incidents, current and projected threat assessments, regulatory developments and ongoing efforts to protect, detect and respond to critical threats. Our IT Steering Committee, which is responsible for cybersecurity management oversight, includes members of management such as our Chief Executive Officer, our Chief Financial Officer, and our Vice President of Information Technology. The IT Steering Committee periodically reviews and confers with management risk issues associated with cybersecurity and policies and controls intended to alleviate those risks.

Our IT Security team is responsible for leading enterprise-wide cybersecurity strategy, policy, standards and processes. Team members are afforded opportunities to attend external training, conferences and other events to remain on top of most recent cybersecurity trends. Our team is led by our Director of IT Infrastructure and Security, who brings over 30 years of experience, which includes implementing and verifying the effectiveness of cybersecurity controls in a Defense Industrial Base environment and defining and executing cybersecurity strategy to enable business delivery while simultaneously protecting intellectual property and privacy. Our Director maintains the following internationally recognized certifications: Global Information Assurance Certification ("GIAC"), GIAC Certified Enterprise Defender, GIAC Certified Incident Handler Certification, GIAC Certified Windows Security Administrator, and GIAC Critical Controls Certification. Our Director reports to our Vice President of Information Technology, who receives continuous updates regarding the prevention, detection, mitigation and remediation of cybersecurity incidents. Our Vice President of Information Technology has over 20 years of experience in developing and executing strategic initiatives to drive organizational growth and innovation, with responsibilities for IT governance, technology strategy development, and cybersecurity. In additional to a Masters of Business Administration, our Vice President of Information Technology holds a Certified Information Systems Security Professional certification.

Our Vice President of Information Technology meets with our IT Steering Committee on a routine basis. Regular topics for discussion with the IT Steering Committee include cybersecurity initiatives and strategies, cybersecurity events, emerging threats, regulatory requirements and industry standards.

We use a combination of technology controls and human oversight to actively monitor and protect our network and systems. In the event of a cybersecurity incident, we have an incident response plan which sets forth a framework for reporting and documenting such incidents by our cybersecurity incident response team. This same framework is designed with the goal of enabling the response team to take actions to monitor, mitigate and remediate such incidents promptly. Cybersecurity incidents are reported to our Vice President of Information Technology, and critical events are reported to our CEO and our Chief Legal Counsel. In the event a cybersecurity incident is determined to be potentially material, the incident is reported in a timely manner to our Board of Directors as part of their cybersecurity oversight.

Cybersecurity Risks, Threats and Material Incidents

We describe whether and how risks from identified cybersecurity threats, including as a result of any prior cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial conditions under Item 1A. Risk Factors, Risks Related to our Business and Operations, ***"A failure or outage in our operations systems or cybersecurity attacks on any of our systems, or those of third parties, may adversely affect our financial results."***

Item 2. Properties

Our principal properties are as follows:

Location	Description of Facility	Segment	Interest
United States:			
Tulsa, Oklahoma	Corporate headquarters and regional office	All segments	Leased
Bakersfield, California	Fabrication facility	All segments	Owned
Bellingham, Washington	Regional office, fabrication facility and warehouse	Process and Industrial Facilities, Storage and Terminal Solutions	Owned
Broomall, Pennsylvania	Regional office	All segments	Leased
Catoosa, Oklahoma	Fabrication facility, regional offices and warehouses	All segments	Leased & Owned (1)
Columbus, Ohio	Regional office	All segments	Leased
Houston, Texas	Regional offices and warehouse	All segments	Leased & Owned
Irvine, California	Regional office	All segments	Leased
Norco, California	Regional office and warehouse	Process and Industrial Facilities, Storage and Terminal Solutions	Leased
Pittsburgh, Pennsylvania	Regional office	All segments	Leased
Temperance, Michigan	Regional office and warehouse	Storage and Terminal Solutions	Owned
Tucson, Arizona	Regional office and warehouse	Process and Industrial Facilities, Storage and Terminal Solutions	Leased
Norwich, Connecticut	Regional office	Utility Power and Infrastructure	Leased
Harleysville, Pennsylvania	Warehouse	All segments	Leased
International:			
Leduc, Alberta, Canada	Regional office and warehouse	Storage and Terminal Solutions	Leased
Sarnia, Ontario, Canada	Regional office and warehouse	Storage and Terminal Solutions	Owned
Paju-si, Gyeonggi-do, South Korea	Fabrication facility, regional office and warehouse	Storage and Terminal Solutions	Owned
Sydney, New South Wales, Australia	Regional office	Storage and Terminal Solutions	Leased

(1) We constructed certain facilities on land acquired through ground leases with renewal options.

In addition to the locations listed above, we have smaller regional locations and temporary office facilities at numerous customer locations throughout the United States and Canada.

Item 3. Legal Proceedings

We are a party to several legal proceedings. See Part II., Item 8. Financial Statements and Supplementary Data, Note 7 - Commitments and Contingencies, for a description of our material ongoing litigation.

Item 4. Mine Safety Disclosures

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

Information concerning mine safety violations or other regulatory matters required to be disclosed in this annual report under Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Annual Report on Form 10-K.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock trades on the NASDAQ Global Select Market under the trading symbol "MTRX". Substantially all of our stockholders maintain their shares in "street name" accounts and are not individually stockholders of record. As of August 31, 2025, there were 17 holders of record of our common stock.

Dividend Policy

We have never paid cash dividends on our common stock and the terms of our Credit Agreement prohibit us from paying cash dividends (See Part II, Item 8. Financial Statement and Supplementary Data, Note 5 - Debt for more information about our Credit Agreement). Any future dividend payments will depend on the terms of our Credit Agreement, our financial condition, capital requirements and earnings as well as other relevant factors.

Issuer Purchases of Equity Securities

We may repurchase common stock pursuant to the Stock Buyback Program, which was approved by the board of directors in November 2018. Under the program, the aggregate number of shares repurchased may not exceed 2,707,175 shares. We may repurchase our stock from time to time in the open market at prevailing market prices or in privately negotiated transactions and are not obligated to purchase any shares. The program will continue unless and until it is modified or revoked by the Board of Directors. We made no repurchases under the program during fiscal 2025 and have no current plans to repurchase stock. As of June 30, 2025, there were 1,349,037 shares available for repurchase under the Stock Buyback Program. The terms of our ABL Facility limit share repurchases to $2.5 million per fiscal year provided that we meet certain availability thresholds and do not violate our Fixed Charge Coverage Ratio financial covenant.

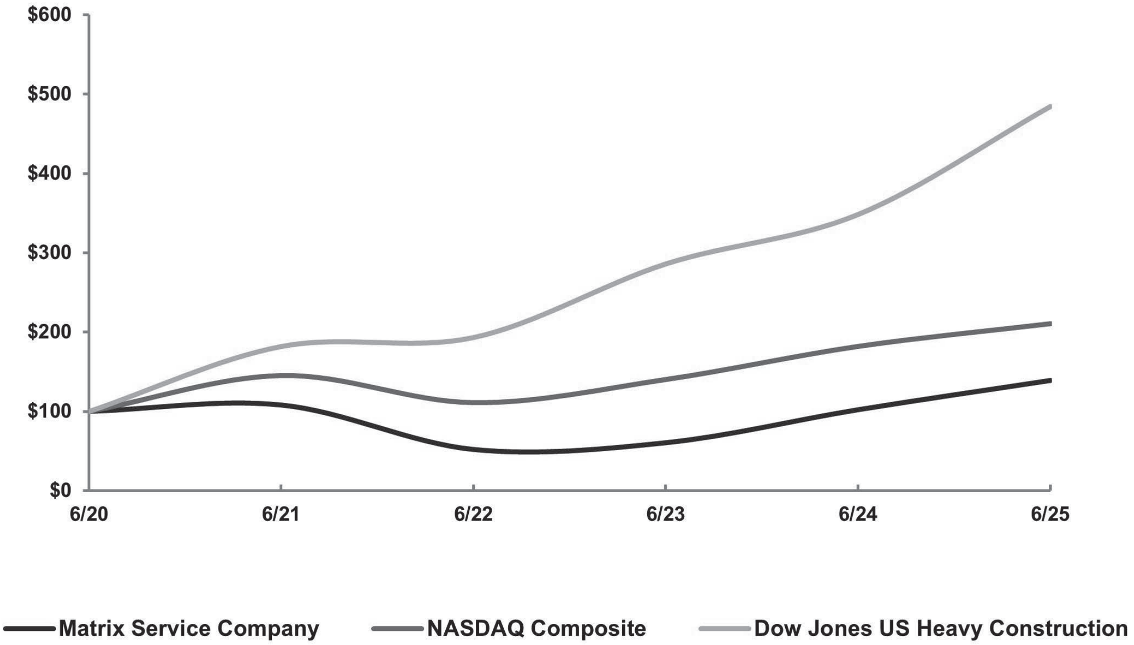
Performance Graph

The following Performance Graph and related information shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares, for the period from June 30, 2020 to June 30, 2025, the cumulative stockholder return on our common stock with the cumulative total return of the NASDAQ Composite Index and the Dow Jones U.S. Heavy Construction Index.

The graph below assumes an investment of $100 (with reinvestment of all dividends) in our common stock, the NASDAQ Composite Index, and the Dow Jones U.S. Heavy Construction Index on June 30, 2019 and tracks their relative performance through June 30, 2025. The stock price performance reflected in the following graph is not necessarily indicative of future stock performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Matrix Service Company, the NASDAQ Composite Index
and the Dow Jones US Heavy Construction Index



*$100 invested on 6/30/20 in stock or index, including reinvestment of dividends.
Fiscal year ending June 30.

	June 30,					
	2020	2021	2022	2023	2024	2025
Matrix Service Company	$ 100.00	$ 108.02	$ 52.06	$ 60.60	$ 102.16	$ 138.99
NASDAQ Composite	$ 100.00	$ 145.23	$ 111.21	$ 140.28	$ 181.81	$ 210.31
Dow Jones US Heavy Construction	$ 100.00	$ 182.02	$ 193.33	$ 286.09	$ 348.41	$ 484.53

Item 6. Reserved

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). GAAP represents a comprehensive set of accounting and disclosure rules and requirements, the application of which requires management judgments and estimates including, in certain circumstances, choices between acceptable GAAP alternatives. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. Note 1 - Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements included in Part II, Item 8 - Financial Statements and Supplementary Data in this Annual Report on Form 10-K, contains a comprehensive summary of our significant accounting policies. The following is a discussion of our most critical accounting policies, estimates, judgments and uncertainties that are inherent in our application of GAAP.

RESULTS OF OPERATIONS

Reportable Segments

We operate our business through three reportable segments:

- **Storage and Terminal Solutions:** primarily consists of engineering, procurement, fabrication, and construction services related to cryogenic and other specialty tanks and terminals for LNG, NGLs, hydrogen, ammonia, propane, butane, liquid nitrogen/liquid oxygen, and liquid petroleum. We also perform work related to traditional aboveground crude oil and refined product storage tanks and terminals. This segment also includes terminal balance of plant work, truck and rail loading/offloading facilities, and marine structures as well as storage tank and terminal maintenance and repair. Finally, we manufacture and sell precision engineered specialty tank products, including geodesic domes, aluminum internal floating roofs, floating suction and skimmer systems, roof drain systems and floating roof seals.

- **Utility and Power Infrastructure**: primarily consists of engineering, procurement, fabrication, and construction services to support growing demand for LNG utility peak shaving facilities. We also perform power delivery work for public and private utilities, including construction of new substations, upgrades of existing substations, and maintenance. We also provide construction services to a variety of power generation facilities, including natural gas fired facilities in simple or combined cycle configurations.

- **Process and Industrial Facilities**: primarily consists of plant maintenance, repair, and turnarounds in the downstream and midstream markets for energy clients including refining and processing of crude oil, fractionating, and marketing of natural gas and natural gas liquids. We also perform engineering, procurement, fabrication, and construction for refinery upgrades and retrofits for renewable fuels, including hydrogen processing, production, loading and distribution facilities. We also engineer and construct thermal vacuum test chambers for aerospace and defense industries and other infrastructure for industries including chemicals, petrochemical, sulfur, mining and minerals primarily in the extraction of non-ferrous metals, cement, agriculture, wastewater treatment facilities and other industrial customers.

Overview

Significant period to period changes in revenue, gross profits and operating results between fiscal 2025 and fiscal 2024 are discussed below on a consolidated basis for each segment. A discussion of results of operations changes between fiscal 2024 and fiscal 2023 is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended June 30, 2024, which was filed with the SEC on September 10, 2024.

Matrix Service Company
Results of Operations
(In thousands)

Operational Update

Operating activity increased each quarter during fiscal 2025 as quarterly revenues grew from $165.6 million in the first quarter of fiscal 2025 to $216.4 million in the fourth quarter of fiscal 2025, an increase of 31% and the highest levels since the third quarter of fiscal 2020, which marked the beginning of the COVID-19 pandemic. The increase was the result of advancing work on several multiyear projects currently in backlog.

Project awards during fiscal 2025 were $726.0 million, resulting in a current year book-to-bill ratio of 0.9x, and maintaining our backlog at near-record levels of $1.4 billion. Award activity was driven by our Storage and Terminal solutions segment, and included the award of a large specialty storage project. The market drivers for each of our segments are strong and include increased oil and gas demand, the clean energy transition, low-cost feed stock, increased power demands associated with data centers, industrial reshoring/onshoring, grid reliability and electrical supply assurance. As a result, we believe we will have strong award activity in the coming year. While our award activity during the year was strong, heightened macroeconomic uncertainty and the evolving impact of U.S. trade policy on infrastructure economics has impacted the timing of customer decisions in the near term. We believe customer delays in project starts and final investment decisions to be a short-term disruption, while an overall favorable regulatory environment for our customers underpins long-term momentum for our business.

We continue to sharpen and better align our business for the current and coming marketplace. Accordingly, we have consolidated certain aspects of the business to further improve our performance and create a flatter, leaner management structure. In addition, we continue to evaluate our business lines and, where appropriate, reallocate resources to those businesses that present the best opportunities. We remain focused on delivering sustainable, long-term shareholder value by building a resilient, growth-oriented platform aligned with the evolving needs of our customers. We believe actions taken in the fourth quarter of fiscal 2025 and the first quarter of fiscal 2026 will reduce our overall cost structure, improving our overhead recovery and operating leverage.

Backlog

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

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

For long-term maintenance contracts with no minimum commitments and other established customer agreements, we include only the amounts that we expect to recognize as revenue over the next 12 months. For arrangements in which we have received a LNTP, we include the entire scope of work in our backlog if we conclude that the likelihood of the full project proceeding is high. For all other arrangements, we calculate backlog as the estimated contract amount less revenue recognized as of the reporting date. Backlog differs from the amount of our remaining performance obligations, which are described in Note 2 - Revenue in the notes to the audited consolidated financial statements. Differences are due primarily to the inclusion within our backlog of estimates of future revenue under long-term maintenance contracts; future revenue for the full scope of work for certain arrangements where we have received an LNTP; and future revenue for arrangements where we have received assurance that we consider firm, but the associated contract has not been fully executed.

The following table provides a summary of changes in our backlog for fiscal 2025:

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Total
	(In thousands)			
Backlog as of June 30, 2024	$ 798,255	$ 379,697	$ 251,521	$ 1,429,473
Project awards	337,731	215,378	172,918	726,027
Other adjustment(2)	—	—	(4,106)	(4,106)
Revenue recognized	(365,891)	(248,691)	(154,704)	(769,286)
Backlog as of June 30, 2025	$ 770,095	$ 346,384	$ 265,629	$ 1,382,108
Book-to-bill ratio(1)	0.9x	0.9x	1.1x	0.9x

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

In the Storage and Terminal Solutions segment, we booked $337.7 million of project awards during fiscal 2025. Project awards included a project for the engineering and construction of large refrigerated propane and butane tanks as well as spheres for related NGL products. This segment includes significant opportunities for storage infrastructure projects related to natural gas, LNG, ammonia, NGLs and other forms of low carbon energy. We believe LNG and ammonia projects in particular will be key growth drivers for this segment. Bidding activity on LNG and ammonia projects has been strong and we expect that to continue.

In the Utility and Power Infrastructure segment, we booked $215.4 million of project awards in fiscal 2025. Our opportunity pipeline for LNG peak shaving projects continues to be promising; however those awards, while significant, can be less frequent. Power delivery opportunities are expected to be driven over the long-term by increasing electrical demand and the related electrical grid requirements. Project opportunities and bidding activity are strong for both the power delivery portion of the business and LNG peak shaving.

In the Process and Industrial Facilities segment, we booked $172.9 million of project awards in fiscal 2025, and were notified of a five-year renewal of a refinery maintenance contract. We continue to see demand for thermal vacuum chambers in the coming quarters, as well as increasing opportunities in mining and minerals, chemicals, low carbon projects and refinery turnarounds.

Project awards in all segments are cyclical and are typically the result of a sales process that can take several months or years to complete. It is common for awards to shift from one period to another as the timing of awards is dependent upon a number of factors including changes in market conditions, permitting, off take agreements, project financing and other factors. Backlog volatility may increase for some segments from time to time when individual project awards are less frequent, but more significant. There is an inherent lag between the time a project is awarded and when it begins to have a material impact on revenue. This lag can vary and can extend up to six months or longer in unique circumstances, depending on finalization of scopes, contracts, permits, and facility process requirements. Additionally, awards for larger construction projects may be recognized as revenue over a multi-year period as the projects may take a few years to complete. We expect to recognize approximately 55% of our total backlog reported as of June 30, 2025 as revenue within fiscal 2026.

Fiscal 2025 Versus Fiscal 2024

Consolidated Results of Operations

	Fiscal Years Ended June 30,		2025 v 2024	
	2025	2024	Change	%
	(In thousands)			
Revenue	$ 769,286	$ 728,213	$ 41,073	6 %
Cost of revenue	729,609	687,740	41,869	6 %
Gross profit	39,677	40,473	(796)	(2)%
Selling, general and administrative expenses	71,173	70,085	1,088	2 %
Restructuring costs	3,572	501	3,071	613 %
Operating loss	(35,068)	(30,113)	(4,955)	(16)%
Other income (expense):				
Interest expense	(518)	(1,130)	612	54 %
Interest income	6,652	1,339	5,313	397 %
Other	(64)	4,892	(4,956)	(101)%
Loss before income tax expense	(28,998)	(25,012)	(3,986)	(16)%
Provision (benefit) for federal, state and foreign income taxes	464	(36)	500	1389 %
Net loss	$ (29,462)	$ (24,976)	$ (4,486)	(18)%

Revenue - The increase in overall revenue of $41.1 million, or 6%, was primarily attributable to higher revenue volumes in our Storage and Terminal Solutions and Utility and Power Infrastructure segments, partially offset by reduced revenue volumes in Process and Industrial Facilities.

Gross profit - Gross profit during fiscal 2025 decreased by $(0.8) million, or (2)%, compared to fiscal 2024. Gross margin of 5.2% for fiscal 2025 decreased compared with gross margin of 5.6% for fiscal 2024. The decrease in gross margin for the year is attributable to lower gross margins in our Process and Industrial segment, partially offset by higher gross margins in our Utility and Power Infrastructure segment.

Selling, general and administrative expenses - SG&A expenses were consistent with prior year.

***Restructuring cost*s** - The Company incurred $3.6 million of restructuring costs during fiscal 2025 related to organizational restructuring. See Part II, Item 8. Financial Statement and Supplementary Data, Note 14 - Restructuring Costs, for more information about our organizational restructuring plan.

Interest expense - The decrease in interest expense of $0.6 million, or 54%, is primarily due to lower average outstanding borrowings as the Company repaid all outstanding borrowings under its revolving credit facility during fiscal 2024.

Interest income - The increase in interest income of $5.3 million is primarily due to an increase in our cash balance.

Provision for income taxes - Our effective tax rates for the fiscal years 2025 and 2024 were (1.6)% and 0.1%, respectively. The effective tax rates during both periods were impacted by valuation allowances of $6.5 million and $8.5 million, respectively, placed on deferred tax assets generated during the fiscal year. We placed a valuation allowance on our deferred tax assets due to the existence of a cumulative loss over a three-year period. Currently, we place valuation allowances on newly generated deferred tax assets. We will realize the benefit associated with the deferred tax assets for which the valuation allowance has been provided as we generate taxable income.

Other income - The decrease in other income of $5.0 million, is primarily due to gains on sales of assets recorded during fiscal 2024. In the first quarter of fiscal 2024, we recognized a gain of $2.5 million on the sale of a previously utilized facility in Burlington, Ontario. We received $2.5 million in net proceeds from the sale. During the second quarter of fiscal 2024, we recognized a gain of $2.0 million from the sale of a facility in Catoosa, Oklahoma for $2.7 million in net proceeds. The facility was previously utilized for our industrial cleaning business, which was sold during the fourth quarter of fiscal 2023.

Results of Operations by Business Segment

	Fiscal Years Ended June 30,		2025 v 2024	
	2025	2024	Change	%
Revenue		(In thousands)		
Storage and Terminal Solutions	$ 365,891	$ 276,800	$ 89,091	32 %
Utility and Power Infrastructure	248,691	183,920	64,771	35 %
Process and Industrial Facilities	154,704	266,260	(111,556)	(42)%
Corporate	—	1,233	(1,233)	— %
Total Revenue [1]	$ 769,286	$ 728,213	$ 41,073	6 %

[1] Total revenues are net of inter-segment revenues which are primarily Process and Industrial Facilities and were $2.1 million for the year ended June 30, 2025.

	2025	2024	Change	%
Gross profit (loss)				
Storage and Terminal Solutions	$ 14,655	$ 11,297	$ 3,358	30 %
Utility and Power Infrastructure	16,915	9,232	7,683	83 %
Process and Industrial Facilities	8,910	21,852	(12,942)	(59)%
Corporate	(803)	(1,908)	1,105	(58)%
Total Gross Profit	$ 39,677	$ 40,473	$ (796)	(2)%
Gross margin %				
Storage and Terminal Solutions	4.0 %	4.1 %	(0.1)%	(2.4)%
Utility and Power Infrastructure	6.8 %	5.0 %	1.8 %	36.0 %
Process and Industrial Facilities	5.8 %	8.2 %	(2.4)%	(29)%
Total gross margin %	5.2 %	5.6 %	(0.4)%	(7.1)%
Operating income (loss)				
Storage and Terminal Solutions	$ (9,206)	$ (8,526)	$ (680)	(8)%
Utility and Power Infrastructure	3,834	336	3,498	1041 %
Process and Industrial Facilities	479	11,283	(10,804)	(96)%
Corporate	(30,175)	(33,206)	3,031	9 %
Total Operating Loss	$ (35,068)	$ (30,113)	$ (4,955)	(16)%

Storage and Terminal Solutions

Storage and Terminal Solutions revenues increased by $89.1 million, or 32%, in fiscal 2025 compared to fiscal 2024, driven by an increased volume of work for specialty vessel and LNG storage projects, partially offset by decreases in tank repair and maintenance work. In addition, we lowered our recovery expectations on a legacy project completed in fiscal 2021 that is currently in arbitration which resulted in a $6.4 million decrease to revenue during fiscal 2025.

Storage and Terminal Solutions gross profit increased by $3.4 million, or 30%, in fiscal 2025 compared to fiscal 2024. The segment gross margin was 4.0% for fiscal 2025 compared to 4.1% for fiscal 2024. Gross margin in fiscal 2025 compared to fiscal 2025 reflects improved operating leverage resulting from higher revenues. This improved leverage was offset in fiscal 2025 by lower than anticipated labor productivity on a crude terminal project, which resulted in a reduction in gross profit during the year of $5.1 million. This project was completed in early fiscal 2026. Additionally, gross profit was negatively impacted by a $6.4 million reduction in revenue related to a legacy project completed in fiscal 2021 discussed above.

Utility and Power Infrastructure

Utility and Power Infrastructure revenues increased by $64.8 million, or 35%, in fiscal 2025 compared to fiscal 2024. The increase is primarily attributable to higher volumes of work for LNG peak shaving projects, partially offset by decreases in power delivery work.

Utility and Power Infrastructure gross profit increased by $7.7 million, or 83%, in fiscal 2025 compared to fiscal 2024. The segment gross margin was 6.8% for fiscal 2025 compared to 5.0% in fiscal 2024, an increase of 1.8% due to mix of work.

Process and Industrial Facilities

Process and Industrial Facilities revenues decreased by $111.6 million, or 42%, in fiscal 2025 compared to fiscal 2024. The decrease is primarily attributable to lower revenue volumes for a now completed large renewable diesel project and lower revenue volumes for thermal vacuum chambers. We believe this reduction in revenue is temporary given our strong backlog, including a significant gas processing construction project that is expected to commence in fiscal 2026.

Process and Industrial Facilities gross profit decreased by $12.9 million, or 59% in fiscal 2025 compared to fiscal 2024. The segment gross margin was 5.8% for fiscal 2025 compared to 8.2% for fiscal 2024. The segment gross margin in fiscal 2025 was impacted by increased under-recovery of construction overhead costs due to lower revenue volumes.

Corporate

Unallocated corporate gross profit (loss) was $0.8 million during fiscal 2025 compared to a loss of $1.9 million in fiscal 2024, an increase of $1.1 million primarily due to lower legal costs associated with a jury trial in fiscal 2024 that resulted in a verdict in our favor. See Note 7 - Commitments and Contingencies, Litigation, for more information.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We assess liquidity as the ongoing ability to pay our liabilities as they become due, fund business operations and meet all monetary contractual obligations. Our primary sources of liquidity at June 30, 2025 were unrestricted cash and cash equivalents on hand, capacity under our ABL Facility (see "ABL Credit Facility" in this Liquidity and Capital Resources section and See Part II, Item 8. Financial Statement and Supplementary Data, Note 5 - Debt, for more information), and cash generated from operations. Our primary operational uses of capital are expenditures to execute our projects, fund business operations and fulfill our contractual obligations. We believe that for at least the next 12 months, our cash position, anticipated cash generated by operating activities, along with our availability under the ABL Facility, is sufficient to support our operating requirements.

Unrestricted cash and cash equivalents at June 30, 2025 totaled $224.6 million and availability under the ABL Facility totaled $59.8 million, resulting in total liquidity of $284.5 million. During fiscal 2025, liquidity increased $114.9 million, primarily as a result of cash provided by operations.

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

	June 30, 2025	June 30, 2024
Total cash, cash equivalents and restricted cash	$ 249,641	$ 140,615
Less: Restricted cash	25,000	25,000
Unrestricted Cash	224,641	115,615
Availability under ABL Facility	59,815	53,988
Total Liquidity	$ 284,456	$ 169,603

The following table provides a summary of changes in our liquidity for the fiscal year ended June 30, 2025 (in thousands):

Liquidity at June 30, 2024	$	169,603
Cash provided by operating activities		117,471
Capital expenditures		(7,685)
Proceeds from asset sales		240
Increase in availability under ABL Facility		5,827
Cash used by financing activities		(1,040)
Effect of exchange rate changes on cash		40
Liquidity at June 30, 2025	$	284,456

The following table provides a summary of changes in our liquidity for the fiscal year ended June 30, 2024 (in thousands):

Liquidity at June 30, 2023	$	92,554
Cash provided by operating activities		72,571
Capital expenditures		(6,994)
Proceeds from asset sales [(1)]		6,049
Increase in availability under ABL Facility		16,246
Cash used by financing activities		(10,372)
Effect of exchange rate changes on cash		(451)
Liquidity at June 30, 2024	$	169,603

(1) Includes $5.4 million of net proceeds in total from the sale of our Burlington, Ontario facility and Catoosa, Oklahoma facility that were disposed of in the first and second quarter of fiscal 2024, respectively. See Part II. Item 8, Financial Statements, Note 3 - Property, Plant and Equipment, for more information. The remaining asset sales comprised of equipment sold in the normal course of business.

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

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

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

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

ABL Credit Facility

We have an asset-based credit agreement, which was most recently amended on August 22, 2025 (as amended, the "ABL Facility"), with Bank of Montreal, as Administrative Agent, Swing Line Lender and a Letter of Credit Issuer. The maximum amount of loans under the ABL Facility is limited to $90.0 million. The ABL Facility's available borrowings may be increased by an amount not to exceed $15.0 million, subject to certain conditions, including obtaining additional commitments. The ABL Facility is intended to be used for working capital, capital expenditures, issuances of letters of credit and other lawful purposes. Our obligations under the ABL Facility are guaranteed by substantially all of our U.S. and Canadian subsidiaries and are secured by a first lien on all our assets under the ABL Facility. The ABL Facility matures, and any outstanding amounts become due and payable, on September 9, 2029.

The borrowing base is recalculated on a monthly basis and at June 30, 2025, our borrowing base was $64.6 million. We had no borrowings outstanding and $4.8 million in letters of credit outstanding, which resulted in availability of $59.8 million under the ABL Facility. Our borrowing base has ranged from $57.8 million to $73.8 million during fiscal 2025. For additional information regarding our ABL Facility, see Item I of Part I, "Financial Statements - Note 5 - Debt."

CASH FLOW ANALYSIS

The following table summarizes our changes in cash flow activities for the periods indicated (in thousands):

	Fiscal Years Ended June 30,	
	2025	2024
Cash flows provided by operating activities	$ 117,471	$ 72,571
Cash flows used by investing activities	(7,445)	(945)
Cash flows used by financing activities	(1,040)	(10,372)
Effect of exchange rate changes on cash	40	(451)
Change in cash and cash equivalents	109,026	60,803
Cash and cash equivalents at beginning of period	140,615	79,812
Cash and cash equivalents at end of period	$ 249,641	$ 140,615

Cash Flows Provided by Operating Activities

The following table summarizes the components of cash flows provided by operating activities for the periods indicated (in thousands):

	Fiscal Years Ended June 30,	
	2025	2024
Net loss	$ (29,462)	$ (24,976)
Gain on sale of property, plant and equipment (1)	8	(4,923)
Depreciation and amortization	10,012	11,023
Stock-based compensation expense	8,904	7,745
Other non-cash expenses	234	1,362
Cash effect of changes in operating assets and liabilities	127,775	82,340
Net cash provided by operating activities	$ 117,471	$ 72,571

(1) Gain on sale of property, plant and equipment includes a $4.5 million total gain on the sale of our Burlington, Ontario facility and Catoosa, Oklahoma facility that were disposed of in the first quarter of fiscal 2024 and the second quarter of fiscal 2024, respectively. (see Part II. Item 8-Financial Statements and Supplementary Data, Note 3 - Property, Plant and Equipment, for more information.) The remaining gain on the sale of property, plant and equipment comprised of equipment sold in the normal course of business.

The significant components of the $127.8 million cash effect of changes in operating assets and liabilities for the fiscal year ended June 30, 2025 include the following:

- Accounts receivable, excluding credit losses recognized during the period and including retention amounts classified as non-current, increased $48.8 million from fiscal 2024, which decreased cash flows from operating activities. The variance is primarily attributable to the timing of billing and collections.

- Costs and estimated earnings in excess of billings on uncompleted contracts ("CIE") decreased $4.1 million from fiscal 2024, which increased cash flows from operating activities. Billings on uncompleted contracts in excess of costs and estimated earnings ("BIE") increased $152.3 million from fiscal 2024, which increased cash flows from operating activities. CIE and BIE balances can experience significant fluctuations based on business volume and the timing of when job costs are incurred and the timing of customer billings and payments. Some fixed-price customer contracts allow for significant upfront billings at the beginning of a project.

- Accounts payable increased by $14.8 million from fiscal 2024, which increased cash flows from operating activities. These operating liabilities can fluctuate based on the timing of vendor payments; accruals; lease commencement, lease payments, expiration, or termination of operating leases; business volumes; and other timing differences.

- Inventories, income taxes receivable, prepaid expenses, other current assets, operating right-of-use lease assets and other assets, non-current, decreased $2.1 million from fiscal 2024, which increased cash flows from operating activities. These operating assets can fluctuate based on the timing of inventory builds and draw-downs, accrual and receipt of income taxes receivable; prepayments of certain expenses; lease commencement, passage of time, expiration, or termination of operating leases; business volumes; and other timing differences.

- Accrued wages and benefits, accrued insurance, operating lease liabilities, other accrued expenses, and other liabilities, non-current increased $3.3 million from fiscal 2024, which increased cash flows from operating activities. These operating liabilities can fluctuate based on the timing of vendor payments; accruals; lease commencement, lease payments, expiration, or termination of operating leases; business volumes; and other timing differences.

The significant components of the $82.3 million change in operating assets and liabilities for the fiscal year ended June 30, 2024 include the following:

- Accounts receivable, excluding credit losses recognized during the period and including retention amounts classified as non-current, increased $12.1 million from fiscal 2023, which decreased cash flows from operating activities. The increase is primarily attributable to the timing of billing and collections, partially offset by $16.8 million we received as full payment for the favorable resolution of a legal matter.

- Costs and estimated earnings in excess of billings on uncompleted contracts ("CIE") decreased $11.0 million from fiscal 2023, which increased cash flows from operating activities. Billings on uncompleted contracts in excess of costs and estimated earnings ("BIE") increased $85.9 million from fiscal 2023, which increased cash flows from operating activities. CIE and BIE balances can experience significant fluctuations based on business volume and the timing of when job costs are incurred and the timing of customer billings and payments. Some fixed-price customer contracts allow for significant upfront billings at the beginning of a project, which increases liquidity near term.

- Accounts payable decreased $10.4 million from fiscal 2023, which decreased cash flows from operating activities. These operating liabilities can fluctuate based on the timing of vendor payments; accruals; lease commencement, lease payments, expiration, or termination of operating leases; business volumes; and other timing differences.

- Inventories, income taxes receivable, prepaid expenses, other current assets, operating right-of-use lease assets and other assets, non-current, decreased $4.9 million from fiscal 2023, which increased cash flows from operating activities. These operating assets can fluctuate based on the timing of inventory builds and draw-downs, accrual and receipt of income taxes receivable; prepayments of certain expenses; lease commencement, passage of time, expiration, or termination of operating leases; business volumes; and other timing differences.

- Accrued wages and benefits, accrued insurance, operating lease liabilities, other accrued expenses, and other liabilities, non-current increased $3.0 million from fiscal 2023, which increased cash flows from operating activities. These operating liabilities can fluctuate based on the timing of vendor payments; accruals; lease commencement, lease payments, expiration, or termination of operating leases; business volumes; and other timing differences.

Cash Flows Used by Investing Activities

Investing activities used $7.4 million of cash in fiscal 2025 due to capital expenditures associated with improvements at a fabrication facility in Bakersfield, California that we purchased in fiscal 2024, as well as the purchase of construction equipment to support our projects.

Investing activities used $0.9 million of cash in fiscal 2024 due to capital expenditures partially offset by proceeds from asset sales. In the first quarter of fiscal 2024, we sold a previously utilized facility in Burlington, Ontario for $2.7 million in net proceeds. In the second quarter of fiscal 2024, we sold a facility in Catoosa, Oklahoma. We closed these previously utilized facilities as they were no longer strategic to the future of the business. In the third quarter of fiscal 2024 we purchased a fabrication facility in Bakersfield, California for $4.1 million to replace a facility currently being leased by the Company.

Cash Flows Used by Financing Activities

Financing activities used $1.0 million of cash in fiscal 2025 primarily due to the repurchase of common stock for payment of statutory taxes due on equity-based compensation.

Financing activities used $10.4 million of cash in fiscal 2024 primarily due to $10.0 million in advances and $20.0 million in net repayments under our ABL facility. As of June 30, 2024 and June 30, 2025, we had no outstanding borrowings under our ABL facility.

Dividend Policy

We have never paid cash dividends on our common stock and the terms of our Credit Agreement prohibit us from paying cash dividends. Any future dividend payments will depend on the terms of our ABL Facility, our financial condition, capital requirements and earnings as well as other relevant factors.

Stock Repurchase Program

We may repurchase common stock pursuant to the Stock Buyback Program, which was approved by the board of directors in November 2018. Under the program, the aggregate number of shares repurchased may not exceed 2,707,175 shares. We may repurchase our stock from time to time in the open market at prevailing market prices or in privately negotiated transactions and are not obligated to purchase any shares. The program will continue unless and until it is modified or revoked by the Board of Directors. We made no repurchases under the program during fiscal 2025 and have no current plans to repurchase stock. As of June 30, 2025, there were 1,349,037 shares available for repurchase under the Stock Buyback Program. The terms of our ABL Facility limit share repurchases to $2.5 million per fiscal year provided that we meet certain availability thresholds and do not violate our Fixed Charge Coverage Ratio financial covenant.

Treasury Shares

We had 277,731 treasury shares as of June 30, 2025 and intend to utilize these treasury shares in connection with equity awards under our stock incentive plans and for sales to the Employee Stock Purchase Plan.

Material Cash Requirements from Contractual and Other Obligations

As of June 30, 2025, our short-term and long-term material cash requirements for known contractual and other obligations were as follows:

- Operating Leases: In the normal course of business, we lease real estate and equipment under various arrangements which are classified as operating leases. Future payments for such leases, excluding leases with initial terms of one year or less, were $25.9 million at June 30, 2025, with $5.8 million payable within the next 12 months. Refer to Part II. Item 8, Financial Statements, Note 8 - Leases, for more information about our lease obligations and the timing of expected future payments.

Off-Balance Sheet Arrangements and Other Commitments

We enter into certain off-balance sheet arrangements in the ordinary course of business that result in risks not directly reflected on our balance sheet. The following represents transactions, obligations or relationships that could be considered material off-balance sheet arrangements.

- Surety bonds: The terms of our construction contracts frequently require that we obtain from surety companies, and provide to our customers, surety bonds as a condition to the award of such contracts. These surety bonds are issued in return for premiums, which vary depending on the size and type of the bond, and secure our payment and performance obligations under such contracts. We have agreed to indemnify the surety companies for amounts, if any, paid by them in respect of surety bonds issued on our behalf. Surety bonds expire at various times ranging from final completion of a project to a period extending beyond contract completion in certain circumstances. Such amounts can also fluctuate from period to period based upon the mix and level of our bonded operating activity. As of June 30, 2025, there were $154.6 million of surety bonds in force, of which we expect $93.7 million to expire within the next 12 months. Of the bonds in force, $68.4 million related to performance bonds for ongoing projects and the remainder related to contractor licensing, liens, and other bonds. We are not aware of any losses in connection with surety bonds that have been posted on our behalf, and we do not expect to incur significant losses in the foreseeable future.

- Multiemployer pension plans: We contribute to a number of multiemployer defined benefit pension plans in the U.S. and Canada under the terms of collective-bargaining agreements that cover our union-represented employees, who are represented by more than 100 local unions. The related collective-bargaining agreements between those organizations and us, which specify the rate at which we must contribute to the multi-employer defined pension plan, expire at different times between 2025 and 2028. Benefits under these plans are generally based on compensation levels and years of service. Under federal legislation regarding multiemployer pension plans, in the event of a withdrawal from a plan or plan termination, companies are required to continue funding their proportionate share of such plan’s unfunded vested benefits. Withdrawal liabilities or requirements for increased future contributions could negatively impact our results of operations and liquidity. See Note 12 - Employee Benefit Plans for further discussion.

- Letters of credit: We issue letters of credit under our ABL Facility in the normal course of business to support workers' compensation insurance programs or certain construction contracts. As of June 30, 2025, we had $4.8 million of letters of credit outstanding.The letters of credit that support our workers’ compensation programs are expected to renew annually through the term of our credit facility.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are more fully described in Note 1 of the Consolidated Financial Statements. As disclosed in Note 1, the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. The Company believes that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments.

Revenue Recognition

Revenue for contracts that satisfy the criteria for over time recognition is recognized as the work progresses. The Company measures transfer of control of the performance obligation utilizing the percentage-of-completion method, which is based on costs incurred to date compared to the total estimated costs at completion, since it best depicts the transfer of control of assets being created or enhanced to the customer. Costs incurred may include direct labor, direct materials, subcontractor costs and indirect costs, such as salaries and benefits, supplies and tools, equipment costs and insurance costs. Indirect costs are charged to projects based upon direct costs and overhead allocation rates per dollar of direct costs incurred or direct labor hours worked.

Under the percentage-of-completion method, the use of estimated costs to complete each performance obligation is a significant variable in the process of determining recognized revenue and is a significant factor in the accounting for such performance obligations. Significant estimates that impact the cost to complete each performance obligation are materials, components, equipment, labor and subcontracts; labor productivity; schedule durations, including subcontractor or supplier progress; unpriced change orders; contract disputes including claims; achievement of contractual performance requirements; and contingencies, among others.

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 profit recognized in prior periods and the recognition of losses expected to be incurred on performance obligations in progress. Due to the various estimates inherent in contract accounting, actual results could differ from those estimates, which could result in material changes to the Company's Consolidated Financial Statements and related disclosures. See Part II, Item 8. Financial Statement and Supplementary Data, Note 2 - Revenue for further discussion.

Goodwill

Goodwill represents the excess of the purchase price of acquisitions over the acquisition date fair value of the net identifiable tangible and intangible assets acquired. In accordance with current accounting guidance, goodwill is not amortized and is tested at least annually for impairment at the reporting unit level, which is a level below our reportable segments.

We perform our annual impairment test in the fourth quarter of each fiscal year, or in between annual tests whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable, to determine whether an impairment exists and to determine the amount of headroom. We define "headroom" as the percentage difference between the fair value of a reporting unit and its carrying value excluding working capital. The goodwill impairment test involves comparing management's estimate of the fair value of a reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, then goodwill is not impaired. If the fair value of a reporting unit is less than its carrying value, then goodwill is impaired to the extent of the difference, but the impairment may not exceed the balance of goodwill assigned to that reporting unit.

We utilize a discounted cash flow analysis, referred to as an income approach, and market multiples, referred to as a market approach, to determine the estimated fair value of our reporting units. For the income approach, significant judgments and assumptions including forecasted project awards, discount rate, anticipated revenue growth rate, gross margins, operating expenses, working capital needs and capital expenditures are inherent in the fair value estimates, which are based on our operating and capital budgets and on our strategic plan. As a result, actual results may differ from the estimates utilized in our income approach. For the market approach, significant judgments and assumptions include the selection of guideline companies, forecasted guideline company EBITDA (as defined in Note 4 - Goodwill) and our forecasted EBITDA (as defined in Note 4 - Goodwill). The use of alternate judgments and/or assumptions could result in a fair value that differs from our estimate and could result in the recognition of additional impairment charges in the financial statements. As a test for reasonableness, we also consider the combined fair values of our reporting units to our market capitalization.

We performed our annual goodwill impairment test as of May 31, 2025, which resulted in no impairment.

We considered the amount of headroom for each reporting unit when determining whether an impairment existed. The amount of headroom varies by reporting unit. Our significant assumptions, including revenue growth rates, gross margins, discount rate and other factors may change in the future based on the changing economic and competitive environment in which we operate. Assuming that all other components of our fair value estimate remain unchanged, a change in the following assumptions would have the following effect on headroom:

	Headroom Sensitivity Analysis				
	Goodwill as of June 30, 2025 (in thousands)	**Baseline Headroom**	**Headroom if Revenue Growth Rate Declines by 100 Basis Points**	**Headroom if Gross Margin Declines by 100 Basis Points**	**Headroom if Discount Rate Increases by 100 Basis Points**
Reporting Unit 1	$ 11,158	8%	—%	(7)%	(1)%
Reporting Unit 2	$ 8,192	580%	546%	471%	520%
Reporting Unit 3	$ 5,484	37%	34%	20%	30%
Reporting Unit 4	$ 4,213	297%	278%	241%	278%

Income Taxes

We use the asset and liability approach for financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances based on our judgments and estimates are established when necessary to reduce deferred tax assets to the amount expected to be realized in future operating results. Our estimates are based on facts and circumstances in existence as well as interpretations of existing tax regulations and laws applied to the facts and circumstances, with the help of professional tax advisors. Therefore, we estimate and provide for amounts of additional income taxes that may be assessed by the various taxing authorities.

Loss Contingencies

Various legal actions, claims and other contingencies arise in the normal course of our business. Contingencies are recorded in the consolidated financial statements, or are otherwise disclosed, in accordance with ASC 450-20, "Loss Contingencies". We use a case-by-case evaluation of the underlying data and update our evaluation as further information becomes known. Specific reserves are provided for loss contingencies to the extent we conclude that a loss is both probable and estimable. However, the results of litigation are inherently unpredictable and the possibility exists that the ultimate resolution of one or more of these matters could result in a material effect on our financial position, results of operations or liquidity.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our interest rate risk results primarily from our variable rate indebtedness under our ABL Facility and our cash and cash equivalents balance. Borrowings under the ABL Facility bear interest through maturity at a variable rate based upon, at our option, an annual rate of either a base rate ("Base Rate"), a Term SOFR, or at the Canadian Prime Rate, plus an applicable margin. The Term SOFR rate, whether for one-month or three-month tenor, is provided by a third party as defined in the ABL Facility ("Term SOFR Administrator"). The Term SOFR Administrator publishes a daily set of forward-looking interest rates for various tenors, provided that the Term SOFR cannot be below zero. The Base Rate is defined as a fluctuating interest rate equal to the greater of: (i) rate of interest announced by Bank of Montreal from time to time as its prime rate; (ii) the U.S. federal funds rate plus 0.50%; (iii) Term SOFR for one month period plus 1.00%; and (iv) 1.00%. Depending on the amount of average availability, the applicable margin is between 1.00% to 1.50% for Base Rate and Canadian Prime Rate borrowings, which includes either U.S. or Canadian prime rate, and between 2.00% and 2.50% for Term SOFR borrowings. As of June 30, 2025, no amounts were drawn on the credit facility. We also invest certain cash balances in highly liquid instruments classified as cash equivalents on our balance sheet, which generally earn interest income based upon prevailing interest rates. As of June 30, 2025, we held cash and cash equivalents, including restricted cash, of $249.6 million. At June 30, 2025, a 100-basis point (or 1%) increase or decrease in the interest rate would increase or decrease interest income by approximately $2.5 million per year.

Foreign Currency Risk

We have subsidiaries with operations in Canada and South Korea, which use the Canadian Dollar and South Korean Won, respectively, as their functional currencies. We also have a subsidiary with operations in Australia, but its functional currency is the U.S. Dollar since its sales are primarily denominated in U.S. Dollars.

Historically, movements in the Canadian Dollar to U.S. Dollar exchange rate have not significantly impacted our results. Also, we do not expect exchange rate fluctuations in our South Korean and Australian operations to materially impact our financial results since these operations represent an insignificant portion of our consolidated revenue and expenses. However, further growth in our Canadian, South Korean and/or Australian operations and/or significant fluctuations in the Canadian Dollar, South Korean Won and/or Australian Dollar to U.S. Dollar exchange rates could impact our financial results in the future.

Management has not entered into derivative instruments to hedge foreign currency risk, but periodically evaluates the materiality of our foreign currency exposure. To mitigate our risk, on occasion we convert Canadian Dollar balances into U.S. Dollars to settle U.S. Dollar amounts owed by our Canadian operations. A 10% unfavorable change in the Canadian Dollar against the U.S. Dollar would not have had a material impact on our financial results for the fiscal year ended June 30, 2025.

Commodity Price Risk

We have no direct commodity exposure, but we do have exposure to materials derived from certain commodities including steel plate, steel pipe, and copper, which are key materials we use. We mitigate risks associated with these exposures primarily by procuring materials upon contract execution to ensure that our purchase price approximates the costs included in the project estimate, and also by negotiating contract provisions that mitigate our exposure to fluctuations in materials costs. We have been proactive with managing our procurement processes to help reduce the impacts of rising materials prices on our business and to help ensure we continue to have the materials we need available. However, rising prices and the potential for materials shortages have created additional risk in bidding and executing work profitably.

Item 8. Financial Statements and Supplementary Data

Financial Statements of the Company

Financial Statement Schedules

The financial statement schedule is filed as a part of this report under Schedule II – Valuation and Qualifying Accounts for the three fiscal years ended June 30, 2025, June 30, 2024 and June 30, 2023 immediately following Notes to Consolidated Financial Statements. All other schedules are omitted because they are not applicable or the required information is shown in the financial statements, or notes thereto, included herein.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Matrix Service Company and its wholly-owned subsidiaries (the "Company") are responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and cannot provide absolute assurance that all objectives will be met. Internal control over financial reporting is a process that involves diligence and is subject to lapses in judgment and human error. Internal control over financial reporting can also be circumvented by collusion or management override of controls. Because of these limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2025. In making this assessment, the Company's management used the criteria established in *Internal Control—Integrated Framework (2013)* set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework.

Management's assessment included an evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, overall control environment and information systems control environment. Based on this assessment, the Company's management has concluded that the Company's internal control over financial reporting as of June 30, 2025 was effective.

Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of June 30, 2025. Deloitte & Touche LLP's report on the Company's internal control over financial reporting is included herein.

/s/ John R. Hewitt	/s/ Kevin S. Cavanah
John R. Hewitt	**Kevin S. Cavanah**
President and Chief Executive Officer	**Vice President and Chief Financial Officer**

September 10, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Matrix Service Company

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Matrix Service Company and subsidiaries (the "Company") as of June 30, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2025 based on criteria established in *Internal Control - Integrated Framework (2013) issued by COSO.*

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2025, of the Company and our report dated September 10, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Tulsa, Oklahoma
September 10, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Matrix Service Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Matrix Service Company and subsidiaries (the "Company") as of June 30, 2025 and 2024, the related consolidated statements of income, comprehensive income, cash flows, and changes in stockholders' equity for each of the three years in the period ended June 30, 2025 and the related notes and the schedule listed in the Index at Item 8 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 10, 2025 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue – Fixed Price Contracts – Refer to Notes 1 and 2 to the financial statements

Critical Audit Matter Description

The Company enters into contracts with customers to provide engineering, procurement, and fabrication and construction services, usually provided in association with capital projects, which commonly are fixed price contracts and are billed based on project milestones. Revenue on performance obligations associated with fixed-price contracts is recognized over time since these services create or enhance assets the customer controls as they are being created or enhanced. The Company measures progress of satisfying these performance obligations by using the percentage-of-completion method, which is based on costs incurred to date compared to the total estimated costs at completion. Due to the nature of work left to be performed on many of the Company’s contracts, the estimation of total cost at completion for fixed price contracts is complex, subject to many variables and requires significant judgment. For the fiscal year ended June 30, 2025, revenue totaled $769.3 million, of which $560.7 million related to fixed-price contracts.

Given the significant judgment necessary to estimate total costs at completion for fixed price contracts, auditing these estimates required extensive audit effort due to the volume and complexity of the fixed price contracts and a high degree of auditor judgment when evaluating the results of audit procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to estimated total costs at completion for fixed price contracts included the following, among others:

- We tested the effectiveness of controls over the recognition of revenue for fixed price contracts, including management's controls over estimates of total costs at completion.
- We evaluated the appropriateness and consistency of the methods and assumptions used by management to estimate total costs on fixed price contracts.
- We evaluated management's ability to accurately estimate contract costs by comparing current gross margin to historical gross margin for certain fixed price contracts.
- For certain fixed price contracts we performed the following:
  - Evaluated management's ability to estimate total costs at completion by performing corroborating inquiries with the Company's project managers and personnel involved with the selected contracts, including inquiries related to the timeline to completion and estimates of future costs to complete the contract.
  - Selected a sample of estimates of future costs to complete and evaluated management's estimates of total costs at completion by performing one of the following:
    - Comparing management's estimates to documents such as management's work plans, customer purchase orders, third-party invoices from suppliers, and subcontractor agreements.
    - Developing independent estimates of total costs at completion and compared our estimates to management's estimates. Our independent estimates were based on information such as management's work plans, customer purchase orders, third-party invoices from suppliers, subcontractor agreements, and similar historical project experience.

Goodwill – Certain Reporting Units– Refer to Notes 1 and 4 to the financial statements

The Company's evaluation of goodwill for impairment involves the comparison of management's estimate of the fair value of each reporting unit to its carrying value. The estimated fair value of each reporting unit was derived primarily by utilizing a discounted cash flow analysis based on the Company's operating and capital budgets and strategic plan. Significant judgments and assumptions including the revenue growth rate, forecasted gross margins, and discount rate are inherent in the fair value estimates. The use of alternate judgments and/or assumptions could result in a fair value that differs from management's estimate and could result in the recognition of impairment charges in the financial statements.

The Company performed an annual goodwill impairment test as of May 31, 2025, which resulted in no impairment in 2025. Two reporting units with a combined total of $16.6 million of goodwill as of June 30, 2025 were at higher risk of future impairment and their estimated fair values exceed their carrying values by 8% and 37%, respectively. The Company's total goodwill was $29.0 million as of June 30, 2025.

We identified goodwill for two reporting units with a combined total of $16.6 million of goodwill as a critical audit matter because of the significant judgments made by management to estimate the fair values of these reporting units. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the revenue growth rate, forecasted gross margins, and discount rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the revenue growth rate, forecasted gross margins, and the discount rate used by management to estimate the fair value of the two identified reporting units included the following, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value of the two identified reporting units, as well as controls related to management's selection of the revenue growth rate, forecasted gross margins, and discount rate.
- We evaluated management's ability to accurately forecast the revenue growth rate and future gross margins by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's revenue growth rate and forecasted gross margins by comparing the forecasts to:
    - Historical revenue growth and gross margins.
    - Internal communications to management and the Board of Directors, including other forward-looking estimates prepared or used by management for other accounting estimates.
    - Remaining performance obligations.
    - Information included in Company press releases as well as in analyst and industry reports for the Company and certain of its peer companies and in industry outlooks.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodology and (2) the discount rate, including testing the source information underlying the determination of the discount rate, testing the mathematical accuracy of the calculation, and developing a range of independent estimates and comparing those to the discount rate selected by management.

/s/ DELOITTE & TOUCHE LLP

Tulsa, Oklahoma
September 10, 2025

We have served as the Company's auditor since 2006.

Matrix Service Company
Consolidated Statements of Income
(In thousands, except per share data)

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
Revenue	$ 769,286	$ 728,213	$ 795,020
Cost of revenue	729,609	687,740	764,200
Gross profit	39,677	40,473	30,820
Selling, general and administrative expenses	71,173	70,085	68,249
Goodwill impairment	—	—	12,316
Restructuring costs	3,572	501	3,142
Operating loss	(35,068)	(30,113)	(52,887)
Other income (expense):			
Interest expense	(518)	(1,130)	(2,024)
Interest income	6,652	1,339	290
Other (Note 3)	(64)	4,892	1,860
Loss before income tax expense (benefit)	(28,998)	(25,012)	(52,761)
Provision (benefit) for federal, state and foreign income taxes	464	(36)	(400)
Net loss	$ (29,462)	$ (24,976)	$ (52,361)
Basic loss per common share	$ (1.06)	$ (0.91)	$ (1.94)
Diluted loss per common share	$ (1.06)	$ (0.91)	$ (1.94)
Weighted average common shares outstanding:			
Basic	27,769	27,379	26,988
Diluted	27,769	27,379	26,988

See accompanying notes

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

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
Net loss	$ (29,462)	$ (24,976)	$ (52,361)
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	132	(766)	(594)
Comprehensive loss	$ (29,330)	$ (25,742)	$ (52,955)

See accompanying notes

Matrix Service Company
Consolidated Balance Sheets
(In thousands)

	June 30, 2025	June 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 224,641	$ 115,615
Accounts receivable, net of allowance for credit losses	154,994	138,987
Costs and estimated earnings in excess of billings on uncompleted contracts	29,764	33,893
Inventories	5,917	8,839
Income taxes receivable	110	180
Prepaid expenses and other current assets	4,347	4,077
Total current assets	419,773	301,591
Restricted cash	25,000	25,000
Property, plant and equipment, net	42,097	43,498
Operating lease right-of-use assets	17,827	19,150
Goodwill	29,047	29,023
Other intangible assets, net of accumulated amortization	555	1,651
Other assets, non-current (Note 2)	65,957	31,438
Total assets	$ 600,256	$ 451,351

See accompanying notes

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

	June 30, 2025	June 30, 2024
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 80,453	$ 65,629
Billings on uncompleted contracts in excess of costs and estimated earnings	323,593	171,308
Accrued wages and benefits	18,961	15,878
Accrued insurance	5,310	4,605
Operating lease liabilities	4,441	3,739
Other accrued expenses	3,617	3,956
Total current liabilities	436,375	265,115
Deferred income taxes	25	25
Operating lease liabilities	16,986	19,156
Other liabilities, non-current	4,154	2,873
Total liabilities	457,540	287,169
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock—0.01 par value; 60,000,000 shares authorized; 27,888,217 shares issued as of June 30, 2025 and June 30, 2024; 27,610,486 and 27,308,795 shares outstanding as of June 30, 2025 and June 30, 2024, respectively	279	279
Additional paid-in capital	149,969	145,580
Retained earnings	4,479	33,941
Accumulated other comprehensive loss	(9,403)	(9,535)
Treasury stock, at cost — 277,731 and 579,422 shares as of June 30, 2025 and June 30, 2024, respectively	(2,608)	(6,083)
Total stockholders' equity	142,716	164,182
Total liabilities and stockholders' equity	$ 600,256	$ 451,351

See accompanying notes

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

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
Operating activities:			
Net loss	$ (29,462)	$ (24,976)	$ (52,361)
Adjustments to reconcile net loss to net cash provided (used) by operating activities			
Depreciation and amortization	10,012	11,023	13,694
Goodwill impairment	—	—	12,316
Stock-based compensation expense	8,904	7,745	6,791
Loss (gain) on disposal of property, plant and equipment (Note 3)	8	(4,923)	(2,841)
Other	234	1,362	147
Changes in operating assets and liabilities increasing (decreasing) cash:			
Accounts receivable, net of allowance for credit losses	(48,796)	(12,077)	8,663
Costs and estimated earnings in excess of billings on uncompleted contracts	4,129	10,995	(136)
Inventories	2,922	(1,402)	2,506
Other assets and liabilities	(2,309)	3,897	10,538
Accounts payable	14,814	(10,385)	1,210
Billings on uncompleted contracts in excess of costs and estimated earnings	152,285	85,872	20,330
Accrued expenses	4,730	5,440	(10,610)
Net cash provided by operating activities	117,471	72,571	10,247
Investing activities:			
Capital expenditures	(7,685)	(6,994)	(9,009)
Proceeds from sales of property, plant and equipment (Note 3)	240	6,049	6,466
Net cash used by investing activities	(7,445)	(945)	(2,543)
Financing activities:			
Advances under asset-backed credit facility	—	10,000	10,000
Repayments of advances under asset-backed credit facility	—	(20,000)	(15,000)
Payment of debt amendment fees	—	(100)	—
Proceeds from issuance of common stock under employee stock purchase plan	195	184	252
Repurchase of common stock for payment of statutory taxes due on equity-based compensation	(1,235)	(456)	(310)
Net cash used by financing activities	(1,040)	(10,372)	(5,058)
Effect of exchange rate changes on cash	40	(451)	(205)
Net increase in cash and cash equivalents	109,026	60,803	2,441
Cash, cash equivalents, and restricted cash, beginning of period (Note 1)	140,615	79,812	77,371
Cash, cash equivalents, and restricted cash, end of period (Note 1)	$ 249,641	$ 140,615	$ 79,812
Supplemental disclosure of cash flow information:			
Cash paid (received) during the period for:			
Income taxes	$ 328	$ (165)	$ (13,337)
Interest	$ 395	$ 880	$ 2,093
Non-cash investing and financing activities:			
Purchases of property, plant and equipment on account	$ 130	$ 140	$ 104

See accompanying notes

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

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
June 30, 2022	27,888,217	$ 279	$ 139,854	$ 111,278	$ (8,175)	1,097,703	$ (15,530)	$ 227,706
Net loss	—	—	—	(52,361)	—	—	—	(52,361)
Other comprehensive loss	—	—	—	—	(594)	—	—	(594)
Issuance of restricted stock	—		(5,150)	—	—	(259,529)	5,150	—
Treasury shares sold to employee stock purchase plan	—	—	(685)	—	—	(50,139)	937	252
Treasury shares repurchased to satisfy tax withholding obligations	—	—	—	—	—	52,864	(310)	(310)
Stock-based compensation expense	—	—	6,791	—	—	—	—	6,791
June 30, 2023	27,888,217	279	140,810	58,917	(8,769)	840,899	(9,753)	181,484
Net loss	—	—	—	(24,976)	—	—	—	(24,976)
Other comprehensive loss	—	—	—	—	(766)	—	—	(766)
Issuance of restricted stock	—	—	(3,868)	—	—	(297,026)	3,868	—
Treasury shares sold to employee stock purchase plan	—	—	(74)	—	—	(19,775)	258	184
Treasury shares repurchased to satisfy tax withholding obligations	—	—	—	—	—	55,324	(456)	(456)
Stock-based compensation expense	—	—	7,745	—	—	—	—	7,745
Modification of liability-classified awards (Note 10)	—	—	967	—	—	—	—	967
June 30, 2024	27,888,217	$ 279	$ 145,580	$ 33,941	$ (9,535)	579,422	$ (6,083)	$ 164,182
Net loss	—	—	—	(29,462)	—	—	—	(29,462)
Other comprehensive income	—	—	—	—	132	—	—	132
Issuance of restricted stock	—	—	(4,537)	—	—	(408,406)	4,537	—
Treasury shares sold to employee stock purchase plan	—	—	22	—	—	(17,148)	173	195
Treasury shares repurchased to satisfy tax withholding obligations	—	—	—	—	—	123,863	(1,235)	(1,235)
Stock-based compensation expense	—	—	8,904	—	—	—	—	8,904
June 30, 2025	27,888,217	$ 279	$ 149,969	$ 4,479	$ (9,403)	277,731	$ (2,608)	$ 142,716

See accompanying notes

Matrix Service Company

Notes to Consolidated Financial Statements

Note 1— Basis of Presentation and Significant Accounting Policies

Organization and Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and include the accounts of Matrix Service Company and its subsidiaries (“Matrix”, the “Company” or “we”, “our”, and “us” are to Matrix Service Company and its subsidiaries), all of which are wholly owned. Intercompany transactions and balances have been eliminated in consolidation.

We operate in the United States, Canada, South Korea and Australia. Our reportable segments are Storage and Terminal Solutions, Utility and Power Infrastructure, and Process and Industrial Facilities.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. We believe the most significant estimates and judgments are associated with revenue recognition, the recoverability tests that must be periodically performed with respect to our goodwill and other intangible assets, deferred tax assets, and the estimation of loss contingencies, including liabilities associated with litigation. Actual results could materially differ from those estimates.

Revenue Recognition

General Information about our Contracts with Customers

Our revenue comes from contracts to provide engineering, procurement, fabrication and construction, repair and maintenance and other services. Our engineering, procurement and fabrication and construction services are usually provided in association with construction projects, which are commonly fixed-price contracts that are billed based on project milestones. Our repair and maintenance services typically are cost reimbursable or time and material based contracts and are billed monthly or, for projects of short duration, at the conclusion of the project. The elapsed time from award to completion of performance may exceed one year for construction projects.

Step 1: Contract Identification

We do not recognize revenue unless we have identified a contract with a customer. A contract with a customer exists when it has approval and commitment from both parties, the rights and obligations of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability is probable. We also evaluate whether a contract should be combined with other contracts and accounted for as a single contract. This evaluation requires judgment and could change the timing of the amount of revenue and profit recorded for a given period.

Step 2: Identify Performance Obligations

Next, we identify each performance obligation in the contract. A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services to the customer. Revenue is recognized separately for each performance obligation in the contract. Many of our contracts have one clearly identifiable performance obligation. However, many of our contracts provide the customer an integrated service that includes two or more of the following services: engineering, procurement, fabrication, construction, repair and maintenance services. For these contracts, we do not consider the integrated services to be distinct within the context of the contract when the separate scopes of work combine into a single commercial objective or capability for the customer. Accordingly, we generally identify one performance obligation in our contracts. The determination of the number of performance obligations in a contract requires significant judgment and could change the timing of the amount of revenue recorded for a given period.

Step 3: Determine Contract Price

After determining the performance obligations in the contract, we determine the contract price. The contract price is the amount of consideration we expect to receive from the customer for completing the performance obligation(s). In a fixed-price contract, the contract price is a single lump-sum amount. In reimbursable and time and materials based contracts, the contract price is determined by the agreed upon rates or reimbursements for time and materials expended in completing the performance obligation(s) in the contract.

A number of our contracts contain various cost and performance incentives and penalties that can either increase or decrease the contract price. These variable consideration amounts are generally earned or incurred based on certain performance metrics, most commonly related to project schedule or cost targets. We estimate variable consideration at the most likely amount of additional consideration to be received (or paid in the case of penalties), provided that meeting the variable condition is probable. We include estimated amounts of variable consideration in the contract price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the contract price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. We reassess the amount of variable consideration each accounting period until the uncertainty associated with the variable consideration is resolved. Changes in the assessed amount of variable consideration are accounted for prospectively as a cumulative adjustment to revenue recognized in the current period.

Step 4: Assign Contract Price to Performance Obligations

After determining the contract price, we assign such price to the performance obligation(s) in the contract. If a contract has multiple performance obligations, we assign the contract price to each performance obligation based on the stand-alone selling prices of the distinct services that comprise each performance obligation.

Step 5: Recognize Revenue as Performance Obligations are Satisfied

We record revenue for contracts with our customers as we satisfy the contracts' performance obligations. We recognize revenue on performance obligations associated with fixed-price contracts for engineering, procurement, fabrication and construction services over time since these services create or enhance assets the customer controls as they are being created or enhanced. We measure progress of satisfying these performance obligations by using the percentage-of-completion method, which is based on costs incurred to date compared to the total estimated costs at completion, since it best depicts the transfer of control of assets being created or enhanced to the customer.

We recognize revenue over time for reimbursable and time and material based repair and maintenance contracts since the customer simultaneously receives and consumes the benefit of those services as we perform work under the contract. As a practical expedient allowed under the revenue accounting standards, we record revenue for these contracts in the amount to which we have a right to invoice for the services performed provided that we have a right to consideration from the customer in an amount that corresponds directly with the value of the performance completed to date.

Costs incurred may include direct labor, direct materials, subcontractor costs and indirect costs, such as salaries and benefits, supplies and tools, equipment costs and insurance costs. Indirect costs are charged to projects based upon direct costs and overhead allocation rates per dollar of direct costs incurred or direct labor hours worked. Typically, customer contracts will include standard warranties that provide assurance that products and services will function as expected. We do not sell separate warranties.

We have numerous contracts that are in various stages of completion which require estimates to determine the forecasted costs at completion. Due to the nature of the work left to be performed on many of our contracts, the estimation of total cost at completion for fixed-price contracts is complex, subject to many variables and requires significant judgment. Estimates of total cost at completion are made each period and changes in these estimates are accounted for prospectively as cumulative adjustments to revenue recognized in the current period. If estimates of costs to complete fixed-price contracts indicate a loss, a provision is made through a contract write-down for the total loss anticipated.

Change Orders

Contracts are often modified through change orders, which are changes to the agreed upon scope of work. Most of our change orders, which may be priced or unpriced, are for goods or services that are not distinct from the existing contract due to the significant integration of services provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a change order on the contract price and our measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue on a cumulative catch-up basis. For unpriced change orders, we estimate the increase or decrease to the contract price using the variable consideration method described in the Step 3: Determine Contract Price paragraph above. Unpriced change orders are more fully discussed in Note 2 - Revenue.

Claims

Sometimes we seek claims for amounts in excess of the contract price for delays, errors in specifications and designs, contract terminations, change orders in dispute or other causes of additional costs incurred by us. Recognition of amounts as additional contract price related to claims is appropriate only if there is a legal basis for the claim. The determination of our legal basis for a claim requires significant judgment. We estimate the change to the contract price using the variable consideration method described in the Step 3: Determine Contract Price paragraph above. Claims are more fully discussed in Note 2 - Revenue.

Cash, Cash Equivalents and Restricted Cash

We include as cash equivalents all investments with original maturities of three months or less which are readily convertible into cash. We have cash on deposit at June 30, 2025 with banks in the United States, Canada, South Korea and Australia in excess of Federal Deposit Insurance Corporation ("FDIC"), Canada Deposit Insurance Corporation ("CDIC"), Korea Deposit Insurance Corporation ("KDIC") and Financial Claims Scheme ("FCS") protection limits, respectively. The United States Dollar equivalent of Canadian, South Korean and Australian deposits totaled $5.9 million as of June 30, 2025.

The ABL Facility requires us to maintain a minimum of $25.0 million of restricted cash at all times. Since this cash must be restricted through the maturity date of the ABL Facility, which is beyond one year, we have classified this restricted cash as non-current in our Consolidated Balance Sheets. The following table provides a reconciliation of cash, cash equivalents and restricted cash in the Consolidated Balance Sheets to the total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows (in thousands):

	June 30, 2025	June 30, 2024
Cash and cash equivalents	$ 224,641	$ 115,615
Restricted cash	25,000	25,000
Total cash, cash equivalents and restricted cash	$ 249,641	$ 140,615

Accounts Receivable

Accounts receivable are carried on a gross basis, less the allowance for credit losses. We estimate the allowance for credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Our customers consist primarily of major integrated oil companies, independent refiners and marketers, power companies, petrochemical companies, pipeline companies, mining companies, contractors and engineering firms. We are exposed to the risk of individual customer defaults or depressed cycles in our customers' industries. To mitigate this risk, many of our contracts require payment as projects progress or advance payment in some circumstances. In addition, in most cases we can place liens against the property, plant or equipment constructed or terminate the contract if a material contract default occurs. Accounts are written off against the allowance for credit losses only after all reasonable collection attempts have been exhausted.

Retentions

Some of our large construction projects may require security in the form of significant retentions. Contract retention represents an unconditional right to cash that is normally held by the customer until a certain time has passed, which is generally marked by certain contractual milestones, typically at or near the end of a project. Contract retentions expected to be collected within one year are included within Accounts Receivable in the Consolidated Balance Sheets. Contract retentions collectible beyond one year are included in Other assets, non-current.

Loss Contingencies

Various legal actions, claims and other contingencies arise in the normal course of our business. Contingencies are recorded in the consolidated financial statements, or are otherwise disclosed, in accordance with ASC 450-20, “Loss Contingencies”. Specific reserves are provided for loss contingencies to the extent we conclude that a loss is both probable and estimable. We use a case-by-case evaluation of the underlying data and update our evaluation as further information becomes known. Costs incurred for litigation are expensed as incurred.

Inventories

Inventories consist primarily of steel plate and pipe and aluminum coil and extrusions. Cost is determined primarily using the average cost method and inventories are stated at the lower of cost or net realizable value.

Property, Plant and Equipment

Property, plant and equipment consists primarily of construction equipment and are recorded at cost. See Note 3 - Property, Plant and Equipment for more information.

Capitalization Policy

Expenditures that materially extend the useful life, increase capacity, or improve the efficiency of an asset are capitalized, and routine maintenance and repairs are expensed as incurred. Assets not yet placed into service are included in construction in progress and are not depreciated until placed into service.

Depreciation

Depreciation is calculated using the straight-line method over the following ranges of estimated useful service lives, in years:

	Estimated Useful Service Lives
	(years)
Buildings	40
Construction equipment	3-15
Transportation equipment	3-5
Office equipment and software	3-10
Leasehold Improvements	Shorter of lease term or useful life

Leases

We enter into lease arrangements for real estate, construction equipment and information technology equipment in the normal course of business. We determine if an arrangement is or contains a lease at inception of the arrangement. An arrangement is determined to be a lease if it conveys the right to control the use of identified property and equipment for a period of time in exchange for consideration. Operating lease right-of-use assets are recognized as the present value of future lease payments over the lease term as of the commencement date, plus any lease payments made prior to commencement, and less any lease incentives received. Operating lease liabilities are recognized as the present value of the future lease payments over the lease term as of the commencement date. Operating lease expense is recognized based on the undiscounted future lease payments over the remaining lease term on a straight-line basis. Lease expense related to short-term leases is recognized on a straight-line basis over the lease term.

Determinations with respect to lease term (including any renewals and terminations), incremental borrowing rate used to discount lease payments, variable lease expense and future lease payments require the use of judgment based on the facts and circumstances related to each lease. We consider various factors, including economic incentives, intent, past history and business need, to determine the likelihood that a renewal option will be exercised.

Right-of-use assets are evaluated for impairment in accordance with our policy for impairment of long-lived assets.

Impairment of Long-Lived Assets

We evaluate long-lived assets for impairment when events or changes in circumstances indicate, in management’s judgment, that the carrying value of such assets used in operations may not be recoverable. The determination of whether an impairment has occurred is based on management’s estimate of undiscounted future cash flows attributable to the assets as compared to the carrying value of the assets. If an impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and, to the extent the carrying value exceeds the fair value of the assets, recording a loss provision.

For assets identified to be disposed of in the future, the carrying value of the assets are compared to the estimated fair value less the cost of disposal to determine if an impairment has occurred. Until the assets are disposed of, an estimate of the fair value is redetermined when related events or circumstances change.

Goodwill

Goodwill represents the excess of the purchase price of acquisitions over the acquisition date fair value of the net identifiable tangible and intangible assets acquired. In accordance with current accounting guidance, goodwill is not amortized and is tested at least annually for impairment at the reporting unit level, which is a level below our reportable segments.

We perform our annual impairment test in the fourth quarter of each fiscal year, or in between annual tests whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable, to determine whether an impairment exists and to determine the amount of headroom. We define "headroom" as the percentage difference between the fair value of a reporting unit and its carrying value. The goodwill impairment test involves comparing management’s estimate of the fair value of a reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, then goodwill is not impaired. If the fair value of a reporting unit is less than its carrying value, then goodwill is impaired to the extent of the difference, but the impairment may not exceed the balance of goodwill assigned to that reporting unit.

We utilize a discounted cash flow analysis, referred to as an income approach, and market multiples, referred to as a market approach, to determine the estimated fair value of our reporting units. For the income approach, significant judgments and assumptions including forecasted project awards, discount rate, anticipated revenue growth rate, gross margins, operating expenses, working capital needs and capital expenditures are inherent in the fair value estimates, which are based on our operating and capital budgets and on our strategic plan. As a result, actual results may differ from the estimates utilized in our income approach. For the market approach, significant judgments and assumptions include the selection of guideline companies, forecasted guideline company EBITDA (as defined in Note 4 - Goodwill) and our forecasted EBITDA (as defined in Note 4 - Goodwill). The use of alternate judgments and/or assumptions could result in a fair value that differs from our estimate and could result in the recognition of additional impairment charges in the financial statements. As a test for reasonableness, we also consider the combined fair values of our reporting units to our market capitalization.

Other Intangible Assets

Intangible assets that have finite useful lives are amortized by the straight-line method over their useful lives ranging from 6 years to 15 years. A finite intangible asset is considered impaired when its carrying amount is not recoverable and exceeds the asset's fair value. The carrying amount is deemed unrecoverable if it is greater than the sum of undiscounted cash flows expected to result from use and eventual disposition of the asset. An impairment loss is equal to the excess of the carrying amount over the fair value of the asset. If quoted market prices are not available, the fair values of the intangible assets are based on present values of expected future cash flows or royalties avoided using discount rates commensurate with the risks involved.

Insurance Reserves

We maintain insurance coverage for various aspects of our operations. However, we retain exposure to potential losses through the use of deductibles, coverage limits and self-insured retentions. We establish reserves for claims using a combination of actuarially determined estimates and case-by-case evaluations of the underlying claim data and update our evaluations as further information becomes known. Judgments and assumptions are inherent in our reserve accruals; as a result, changes in assumptions or claims experience could result in changes to these estimates in the future. If actual results of claim settlements are different than the amounts estimated, we may be exposed to future gains and losses that could be material.

Stock-Based Compensation

We have issued time-based and market-based restricted stock unit awards under our long-term incentive compensation plans. We have issued time-based awards that are equity-settled and time-based awards that are cash-settled. The fair value of time-based awards is based on the value of our common stock at the grant date. The fair value of market-based awards is based on several factors, including the probability that the market condition specified in the grant will be achieved, which is calculated using a Monte Carlo model. Cash-settled time-based awards must be settled in cash and are accounted for as liability-type awards and are remeasured at the end of each reporting period at fair value until settlement. For all awards, expense is recognized over the requisite service period with forfeitures recorded as they occur.

Income Taxes

We use the asset and liability approach for financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances based on our judgments and estimates are established when necessary to reduce deferred tax assets to the amount expected to be realized in future operating results. Our estimates are based on facts and circumstances in existence as well as interpretations of existing tax regulations and laws applied to the facts and circumstances, with the help of professional tax advisors. Therefore, we estimate and provide for amounts of additional income taxes that may be assessed by the various taxing authorities.

Foreign Currency

The functional currencies of our operations in Canada, South Korea and Australia are the Canadian Dollar, South Korean Won and U.S. Dollar, respectively. The functional currency of our Australian operations is the U.S. Dollar since its sales are primarily denominated in that currency. For subsidiaries with operations using a foreign functional currency, assets and liabilities are translated at the year-end exchange rates and the income statement accounts are translated at average exchange rates throughout the year. Translation gains and losses are reported in Accumulated Other Comprehensive Loss, net of tax, in the Consolidated Statements of Changes in Stockholders' Equity and in Other Comprehensive Loss in the Consolidated Statements of Comprehensive Income. Translation gains and losses are reversed from Accumulated Other Comprehensive Loss and are recognized in current period income in the event we dispose of an entity with accumulated translation gains or losses. Transaction gains and losses are reported as a component of Other income (expense) in the Consolidated Statements of Income.

Accounting Standards Adopted in 2025

The Company adopted FASB ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07") retrospectively as of and for the year ended June 30, 2025. ASU 2023-07, which was issued to enhance segment reporting disclosures, requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, as well as disclosure of the total amount and description of other segment items by reportable segment. This ASU also requires disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measures of segment profit or loss in assessing segment performance and deciding how to allocate resources. Under ASU 2023-07, the disclosures that are currently required on an annual basis under Topic 280, Segment Reporting, pertaining to reportable segment profit or loss and assets will also be required for interim periods. The Company has determined that the effects of adopting this ASU only impacted its disclosures and the adoption of ASU 2023-07 did not have a material effect on its consolidated financial statements, results of its operations or cash flows. See Note 13 - Segments and Related Information for additional information.

Accounting Standards Not Yet Adopted

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

In November 2024, the FASB issued ASU 2024-03, Income Statement Reporting Comprehensive Income Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, requiring companies to provide more detailed and organized disclosures of their expenses. Disclosures will include disaggregation of expense captions presented on the face of the income statement into specific categories, such as purchases of inventory, employee compensation, and costs related to depreciation and amortization. The new requirements will take effect for annual reporting periods beginning after December 15, 2026 (fiscal 2028) and for interim periods within fiscal years beginning after December 15, 2027 (fiscal 2029), with early adoption permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company's consolidated financial position, results of operations or cash flows.

Other accounting pronouncements issued but not effective until after June 30, 2025 are not expected to have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

Note 2 – Revenue

Remaining Performance Obligations

We had $1.0 billion of remaining performance obligations yet to be satisfied as of June 30, 2025. We expect to recognize approximately $582.3 million of our remaining performance obligations as revenue within the next twelve months.

Contract Balances

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

	June 30, 2025	June 30, 2024	Change
		(In thousands)	
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 29,764	$ 33,893	$ (4,129)
Billings on uncompleted contracts in excess of costs and estimated earnings	(323,593)	(171,308)	(152,285)
Net contract liabilities	$ (293,829)	$ (137,415)	$ (156,414)

The difference between the beginning and ending balances of our CIE and BIE primarily results from the timing of revenue recognized relative to its billings. The amount of revenue recognized during the fiscal year ended June 30, 2025 that was included in the prior period BIE balance was $168.5 million.

Progress billings in accounts receivable at June 30, 2025 and June 30, 2024 included retentions to be collected within one year of $29.0 million and $11.6 million, respectively. Contract retentions collectable beyond one year are included in Other assets, non-current in the Consolidated Balance Sheets and totaled $61.5 million and $28.6 million as of June 30, 2025 and June 30, 2024, respectively.

Unpriced Change Orders and Claims

Costs and estimated earnings in excess of billings on uncompleted contracts included revenues for unpriced change orders and claims of $11.4 million and $9.9 million at June 30, 2025 and 2024, respectively. The amounts ultimately realized may be different than the recorded amounts resulting in adjustments to future earnings. Generally we expect collection of amounts related to unpriced change orders and claims within twelve months. However, customers may not pay these amounts until final resolution of related claims, which may extend beyond one year.

Disaggregated Revenue

Revenue disaggregated by reportable segment is presented in Note 13 - Segment Information. The following series of tables presents revenue disaggregated by geographic area where the work was performed and by contract type:

Geographic Disaggregation:

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
		(In thousands)	
United States	$ 719,388	$ 662,449	$ 720,140
Canada	41,228	56,420	61,691
Other international	8,670	9,344	13,189
Total Revenue	$ 769,286	$ 728,213	$ 795,020

Contract Type Disaggregation:

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
	(In thousands)		
Fixed-price contracts	$ 560,717	$ 455,548	$ 419,426
Time and materials and other cost reimbursable contracts	208,569	272,665	375,594
Total Revenue	$ 769,286	$ 728,213	$ 795,020

Revisions in Estimates

We recognize changes in contract estimates on a cumulative catch-up basis in the period in which the changes are identified. Such changes in contract estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior period. Changes in contract estimates may also result in the reversal of previously recognized revenue if the current estimate differs from the previous estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, we recognize the total loss in the period it is identified.

During fiscal 2025, lower than anticipated labor productivity on a crude terminal project in the Storage and Terminal Solutions segment resulted in a $5.1 million reduction of gross profit during the fiscal year. This project was completed in early fiscal 2026. Additionally, we lowered our recovery expectations on a legacy project completed in fiscal 2021 that is currently in arbitration which resulted in $6.4 million reduction in revenue.

During fiscal 2023, unfavorable changes in the estimated recovery of change orders and increased forecasted costs to complete and closeout certain midstream gas processing capital work in the Process and Industrial Facilities segment resulted in a $12.6 million reduction of gross profit during the fiscal year. These charges were primarily the result of the client not approving adequate compensation to us for the impact that excessive scope changes had on our ability to progress the work according to forecast and for the impacts of global supply chain issues and inflation. We achieved substantial completion on this work in early fiscal 2024.

Note 3—Property, Plant and Equipment

The following table presents the components of our property, plant and equipment, net at June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
	(In thousands)	
Property, plant and equipment		
Land and buildings	$ 38,158	$ 32,610
Construction equipment	78,395	76,603
Transportation equipment	38,362	41,075
Office equipment and software	30,590	34,154
Finance Lease	32	33
Construction in progress	2,869	4,948
Total property, plant and equipment	188,406	189,423
Accumulated depreciation	(146,309)	(145,925)
Property, plant and equipment, net	$ 42,097	$ 43,498

During fiscal 2024, we sold a previously utilized facility in Burlington, Ontario for $2.7 million in net proceeds, which resulted in a gain of $2.5 million. We closed this previously utilized facility because it was no longer strategic to the future of the business.

During fiscal 2024, we also sold a facility in Catoosa, Oklahoma for $2.7 million in net proceeds, which resulted in a gain of $2.0 million. The facility was previously utilized for our industrial cleaning business, which was sold in fiscal 2023. The gains from these asset sales were included in Other income in the Consolidated Statements of Income.

During fiscal 2024, we purchased a facility in Bakersfield, California for $4.1 million to replace a facility that was being leased.

During fiscal 2023, we sold our industrial cleaning business for net proceeds of $6.3 million in cash and a $0.4 million receivable for amounts to be paid upon satisfactory transfer of title of certain vehicles and equipment sold. The sale resulted in a $2.9 million gain, which was included in Other income in the Consolidated Statements of Income. The industrial cleaning business was included in our Process and Industrial Facilities segment and was disposed of because its operations were no longer core to our growth strategy.

Depreciation expense totaled $8.9 million, $9.6 million, and $12.0 million in fiscal 2025, 2024 and 2023, respectively.

Note 4—Goodwill and Other Intangible Assets

Goodwill

The changes in the carrying amount of goodwill by segment are as follows:

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Total
	(In thousands)			
Net balance at June 30, 2022	$ 19,445	$ 4,263	$ 18,427	$ 42,135
Goodwill impairment	—	—	(12,316)	(12,316)
Disposal of business(2)	—	—	(627)	(627)
Translation adjustment(1)	(48)	(24)	—	(72)
Net balance at June 30, 2023	19,397	4,239	5,484	29,120
Translation adjustment(1)	(64)	(33)	—	(97)
Net balance at June 30, 2024	19,333	4,206	5,484	29,023
Translation adjustment(1)	16	8	—	24
Net balance at June 30, 2025	$ 19,349	$ 4,214	$ 5,484	$ 29,047

(1) The translation adjustments relate to the periodic translation of Canadian Dollar and South Korean Won denominated goodwill recorded as a part of prior acquisitions in Canada and South Korea, in which the local currency was determined to be the functional currency.
(2) We sold our industrial cleaning business during the fourth quarter of fiscal 2023, which resulted in the allocation $0.6 million of goodwill to net assets sold in the transaction. See Note 3 - Property, Plant and Equipment, Industrial Cleaning Disposal, for more information.

We performed our annual goodwill impairment test as of May 31, 2025, which resulted in no impairment. The fiscal 2025 test indicated that two reporting units with a combined total of $16.6 million of goodwill as of June 30, 2025 were at higher risk of future impairment. If our view of project opportunities or gross margins deteriorates, particularly for the higher risk reporting units, then we may be required to record an impairment of goodwill. The estimated fair value of each reporting unit was derived by utilizing a discounted cash flow analysis and market multiples of projected EBITDA. EBITDA is defined as earnings before interest expense, interest income, taxes, depreciation and amortization. The key assumptions used are described in Note 1 - Summary of Significant Accounting Policies.

In the second quarter of fiscal 2023, we concluded that a goodwill impairment indicator existed for a reporting unit in the Process and Industrial Facilities segment based on a material adverse change in gross profit on a project. Based on the indicated outcome of this project and our near-term outlook for the reporting unit, we performed an interim impairment test for the unit and concluded that its $12.3 million of goodwill was fully impaired.

Other Intangible Assets

Information on the carrying value of other intangible assets is as follows:

		June 30, 2025		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Years)		(In thousands)	
Intellectual property	10	$ 130	$ (122)	$ 8
Customer based	9 to 15	11,144	(10,597)	547
Total other intangible assets		$ 11,274	$ (10,719)	$ 555

		June 30, 2024		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Years)		(In thousands)	
Intellectual property	10	$ 130	$ (109)	$ 21
Customer based[(1)]	9 to 15	11,144	(9,514)	1,630
Total other intangible assets		$ 11,274	$ (9,623)	$ 1,651

(1) Intangible assets have been adjusted in fiscal 2024 to remove $4.4 million of intangible assets that have been fully amortized.

Amortization expense totaled $1.1 million, $1.4 million, and $1.7 million in fiscal 2025, 2024, and 2023, respectively.

The remaining net book value of intangible assets of $0.6 million will be amortized in fiscal 2026.

Note 5—Debt

On September 9, 2021, the Company and our primary U.S. and Canada operating subsidiaries entered into an asset-based credit agreement, which was most recently amended on August 22, 2025 (as amended, the "ABL Facility"), with Bank of Montreal, as Administrative Agent, Swing Line Lender and a Letter of Credit Issuer. The maximum amount of loans under the ABL Facility is limited to $90.0 million. The ABL Facility's available borrowings may be increased by an amount not to exceed $15.0 million, subject to certain conditions, including obtaining additional commitments. The ABL Facility is intended to be used for working capital, capital expenditures, issuances of letters of credit and other lawful purposes. Our obligations under the ABL Facility are guaranteed by substantially all of our U.S. and Canadian subsidiaries and are secured by a first lien on all our assets under the ABL Facility. The ABL Facility matures, and any outstanding amounts become due and payable, on September 9, 2029.

The maximum amount that we may borrow under the ABL Facility is subject to a borrowing base, which is based on restricted cash plus a percentage of the value of certain accounts receivable, inventory and equipment, reduced for certain reserves. We are required to maintain a minimum of $25.0 million of restricted cash at all times, but such amounts are also included in the borrowing base. The borrowing base is recalculated on a monthly basis and at June 30, 2025, our borrowing base was $64.6 million. During 2025, the Company had no outstanding borrowings under the ABL Facility. The Company had $4.8 million in letters of credit outstanding as of June 30, 2025, which resulted in availability of $59.8 million under the ABL Facility. Our borrowing base has ranged from $57.8 million to $73.8 million during fiscal 2025.

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

The ABL Facility contains customary conditions to borrowings, events of default and covenants, including, but not limited to, covenants that limit our ability to sell assets, engage in mergers and acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay cash dividends, issue equity instruments, make distribution or redeem or repurchase capital stock. In the event that our availability is less than the greater of (i) $13.5 million and (ii) 15.00% of the commitments under the ABL Facility then in effect, a consolidated Fixed Charge Coverage Ratio of at least 1.00 to 1.00 must be maintained. We were in compliance with all covenants of the ABL Facility as of June 30, 2025.

Note 6—Income Taxes

Sources of Pretax Income (Loss)	Fiscal Years Ended		
	June 30, 2025	**June 30, 2024**	**June 30, 2023**
		(In thousands)	
Domestic	$ (26,917)	$ (27,119)	$ (52,636)
Foreign	(2,081)	2,107	(125)
Total	$ (28,998)	$ (25,012)	$ (52,761)

Components of the Provision for Income Tax Expense (Benefit)	Fiscal Years Ended		
	June 30, 2025	**June 30, 2024**	**June 30, 2023**
		(In thousands)	
Current:			
Federal	$ 91	$ (80)	$ (369)
State	354	44	(31)
Foreign	19	—	—
Current Total	464	(36)	(400)
Deferred Total	—	—	—
Total	$ 464	$ (36)	$ (400)

Reconciliation Between the Expected Income Tax Provision Applying the Domestic Federal Statutory Tax Rate and the Reported Income Tax Provision	Fiscal Years Ended June 30, 2025	June 30, 2024	June 30, 2023
	(In thousands)		
Expected benefit for federal income taxes at the statutory rate	$ (6,089)	$ (5,253)	$ (11,080)
State income taxes, net of federal benefit	(716)	(2,065)	(2,320)
Charges without tax benefit, net of non-taxable income	1,042	384	358
Change in valuation allowance[1]	6,472	8,542	12,595
Excess tax expense (benefit) on stock-based compensation	1,063	(61)	1,216
Research and development and other tax credits	(952)	(1,299)	(1,175)
Foreign tax differential	88	388	50
Change in uncertain tax positions	—	(81)	(90)
Other	(444)	(591)	46
Provision (benefit) for federal, state and foreign income taxes	$ 464	$ (36)	$ (400)

(1) Due to the existence of a cumulative loss over a three-year period, we recorded a full valuation allowance against our deferred tax assets in fiscal 2022 and recorded additional valuation allowances against newly generated deferred tax assets in fiscal 2023, 2024, and 2025. These assets are primarily comprised of federal net operating losses, which have an indefinite carryforward, federal tax credits and state net operating losses. To the extent we generate taxable income in the future, or cumulative losses are no longer present and our future projections for growth or tax planning strategies are demonstrated, we will realize the benefit associated with the net operating losses for which the valuation allowance has been provided.

Significant Components of our Deferred Tax Assets and Liabilities

	June 30, 2025	June 30, 2024
	(In thousands)	
Deferred tax assets:		
Accruals and reserves	$ 2,267	$ 283
Bad debt reserve	65	52
Insurance reserve	971	941
Net operating loss benefit and credit carryforwards	32,043	29,626
Accrued compensation and pension	1,487	1,273
Stock compensation expense on nonvested restricted stock units	3,353	3,438
Book over tax amortization	4,033	5,607
Research and development capitalization	14,882	12,425
Foreign currency translation and other	1,271	1,324
Total deferred tax assets	60,372	54,969
Valuation allowance	(55,973)	(49,434)
Deferred tax assets, net	4,399	5,535
Deferred tax liabilities:		
Tax over book depreciation	3,920	5,081
Other	504	479
Total deferred tax liabilities	4,424	5,560
Net deferred tax liability	$ (25)	$ (25)

Valuation Allowance

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

Operating Loss and Tax Credit Carryforwards

We have net operating loss carryforwards and tax credit carryforwards in federal, state and foreign jurisdictions. The valuation allowance at June 30, 2025 and June 30, 2024 reduces the recognized tax benefit of these carryforwards to an amount that is more likely than not to be realized. The gross carryforwards will generally expire as shown below for each jurisdiction:

Operating Loss and Tax Credit Carryforwards	Expiration Period		Amount (in thousands)
Federal net operating loss	Indefinite	$	41,388
Federal tax credits	June 2041 to June 2045	$	6,056
Federal foreign tax credits	June 2035	$	16
State net operating losses	June 2026 to indefinite	$	120,732
State tax credits	June 2033 to indefinite	$	641
Foreign net operating losses	June 2029 to June 2045	$	34,117
Foreign tax credits	June 2035 to June 2045	$	701

Other

In general, it is our practice and intention to reinvest the earnings of our foreign subsidiaries in our foreign operations. We do not provide for outside basis differences under the indefinite reinvestment assertion of ASC 740-30.

We file tax returns in multiple domestic and foreign taxing jurisdictions. With a few exceptions, we are no longer subject to examination by taxing authorities through fiscal 2020. At June 30, 2025, we updated our evaluation of our open tax years in all known jurisdictions. As of June 30, 2025, we have a $0.1 million liability for unrecognized tax positions and the payment of related interest and penalties. We treat the related interest and penalties as income tax expense. Due to the uncertainties related to these tax matters, we are unable to make a reasonably reliable estimate as to when cash settlement with a taxing authority will occur.

On July 4, 2025, a budget and reconciliation package commonly known as the One Big Beautiful Bill Act ("OBBBA") was signed into law. Under United States GAAP, changes in tax law are accounted for in the period of enactment, our fiscal 2026. OBBBA is not expected to have a material impact on our fiscal 2026 financial statements due to our valuation allowance. We expect to benefit primarily from changes which include the immediate expensing of United States research and development expenditures and 100 percent bonus depreciation for certain capital expenditures.

Note 7—Commitments and Contingencies

We are party to various legal actions, claims and other contingencies that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged workers' compensation claims, personal injury claims, and contract disputes, some of which may be subject to certain insurance coverage. With respect to all such matters, we record a loss when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In addition, we disclose matters for which management believes a material loss is at least reasonably possible.

Insurance Reserves

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

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

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

Litigation

In 2020, we commenced litigation in the United States District Court for the Northern District of Ohio, Western Division (Matrix North American Construction, Inc. v. Pro-Tec Coating Company, LLC, Case No. 3:20-cv-00084-JZ) in an effort to collect an account receivable from an iron and steel customer on a reimbursable contract following the deterioration of the relationship. In connection with our suit, the customer filed certain counterclaims against us. In September 2023, a jury returned a verdict in our favor and awarded us the full contract balance. We received full payment of the remaining amount owed of $16.8 million in the second quarter of fiscal 2024.

In January 2021, we achieved mechanical completion on a crude oil storage project. On April 1, 2022, we filed an arbitration demand against Keyera Energy, Inc. in an effort to collect outstanding balances of $32.7 million related to the project. In response, on June 2, 2022, the customer filed counterclaims seeking $20.0 million, which included liquidated damages and damages with respect to miscellaneous warranty items. On October 31, 2022, the customer amended its counterclaim claiming damages in a range of $18.8 million to $36.0 million, which included estimated amounts for "potential future costs." In July 2024, the customer filed a second amended counterclaim which significantly increased the amount of alleged damages up to $97.9 million. As part of the arbitration process, our claim amount was specified at $24.5 million and Keyera's counterclaim was reduced to $72.9 million. We believe we have substantial legal and contractual defenses to the claims presented, many of which are expressly disallowed per the contract. Additionally, in the event we are found liable for a portion of the alleged damages, they may be subject to certain insurance coverages. Arbitration proceedings were held in August 2025. Following submission of post-hearing briefs, the arbitration hearing will be closed and awaiting a decision by the arbitrator, which is expected in fiscal 2026.

During fiscal 2023, we completed construction services on a time and materials basis for a customer at a mining and minerals facility. In late fiscal 2023, after numerous attempts to collect outstanding receivables, we filed a notice of default for lack of payment of outstanding balances, and in early fiscal 2024, we filed a lien on the facility. The customer, 5E Boron Americas, LLC, responded by commencing litigation against us on July 17, 2023 in the United States District Court for the Central District of California, Eastern Division (5E Boron Americas, LLC v. Matrix Service Inc., Case No. 5:23-cv-01396-AB(DTBx)), alleging breach of contract and breach of express warranty. We denied all claims and filed a countersuit against the customer for failure to pay amounts due of $5.6 million. Based on the current trial schedule, we anticipate this matter will be resolved in calendar year 2026.

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

Note 8— Leases

We enter into lease arrangements for real estate, construction equipment and information technology equipment in the normal course of business. Real estate leases accounted for most of our right-of-use assets as of June 30, 2025. Most real estate and information technology equipment leases generally have fixed payments that follow an agreed upon payment schedule and have remaining lease terms ranging from less than a year to 11 years. Construction equipment leases generally have "month-to-month" lease terms that automatically renew as long as the equipment remains in use.

The components of lease expense in the Consolidated Statements of Income are as follows:

		Fiscal Years Ended		
		June 30, 2025	June 30, 2024	June 30, 2023
Lease expense	**Location of Expense in Consolidated Statements of Income**		(in thousands)	
Operating lease expense	Cost of revenue and selling, general and administrative expenses	$ 5,167	$ 5,994	$ 6,635
Short-term lease expense[1]	Cost of revenue	20,932	21,414	29,598
Total lease expense		$ 26,099	$ 27,408	$ 36,233

(1) Primarily represents the lease expense of construction equipment that is subject to month-to-month rental agreements with expected rental durations of less than one year.

The future undiscounted lease payments, as reconciled to the discounted operating lease liabilities presented in our Consolidated Balance Sheets, were as follows:

	June 30, 2025
Maturity Analysis:	(in thousands)
Fiscal 2026	$ 5,848
Fiscal 2027	5,501
Fiscal 2028	4,602
Fiscal 2029	3,815
Fiscal 2030	2,800
Thereafter	3,357
Total future operating lease payments	25,923
Imputed interest	(4,496)
Net present value of future lease payments	21,427
Less: current portion of operating lease liabilities	4,441
Non-current operating lease liabilities	$ 16,986

The following is a summary of the weighted average remaining operating lease and term and weighted average discount rate:

	Fiscal Years Ended	
	June 30, 2025	June 30, 2024
	(in thousands)	
Weighted-average remaining lease term (in years)	5.2 years	6.1 years
Weighted-average discount rate	6.7 %	6.3 %

Cash flow information related to leases is as follows:

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
		(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:			
Operating lease payments	$ 5,444	$ 5,761	$ 6,618
Right-of-use assets obtained in exchange for lease liabilities:			
Operating leases	$ 2,490	$ 1,956	$ 5,383

Note 9—Stockholders' Equity

Preferred Stock

We have 5.0 million shares of preferred stock authorized, none of which was issued or outstanding at June 30, 2025 or June 30, 2024.

Stock Repurchase Program

We may repurchase common stock pursuant to the Stock Buyback Program, which was approved by the board of directors in November 2018. Under the program, the aggregate number of shares repurchased may not exceed 2,707,175 shares. We may repurchase our stock from time to time in the open market at prevailing market prices or in privately negotiated transactions and are not obligated to purchase any shares. The program will continue unless and until it is modified or revoked by the Board of Directors. We made no repurchases under the program in fiscal 2025. The terms of our ABL Facility limit share repurchases to $2.5 million per fiscal year provided that we meet certain availability thresholds and do not violate our Fixed Charge Coverage Ratio financial covenant. There were 1,349,037 shares available for repurchase under the November 2018 Program as of June 30, 2025.

Treasury Shares

In addition to the stock buyback program, we may withhold shares of common stock to satisfy the tax withholding obligations upon vesting of an employee's restricted stock units. We withheld 123,850, 55,324, and 52,864 shares of common stock during fiscal 2025, 2024, and 2023, respectively, to satisfy these obligations. These shares were returned to our pool of treasury shares. We have 277,731 treasury shares as of June 30, 2025 and intend to utilize these treasury shares in connection with equity awards under our incentive plans and for sales to the Employee Stock Purchase Plan.

Note 10—Stock-Based Compensation

Total stock-based compensation expense for the fiscal years ended June 30, 2025, June 30, 2024, and June 30, 2023 was $8.9 million, $7.7 million and $6.8 million, respectively. Measured but unrecognized stock-based compensation expense at 2025 was $7.8 million, all of which related to nonvested restricted stock units which are expected to be recognized as expense over a weighted average period of 1.6 years. We recognized excess tax expense (benefit) of $1.1 million, $(0.1) million, and $1.2 million related to stock-based compensation vesting for the fiscal years ended June 30, 2025, 2024, and 2023, respectively.

Plan Information

In November 2020, our stockholders approved the Matrix Service Company 2020 Stock and Incentive Compensation Plan (the "2020 Plan", which provides stock-based and cash-based incentives for officers, directors and other key employees. Stock options, restricted stock, restricted stock units, stock appreciation rights, performance shares and cash-based awards can be issued under this plan. Upon approval of the 2020 Plan, the 2018 Stock and Incentive Compensation Plan ("2018 Plan") was frozen with the exception of normal vesting and other activity associated with awards previously granted under the 2018 Plan. Shares awarded under the 2018 Plan that are subsequently forfeited or net settled for tax withholding purposes are returned to the treasury share pool and become available for grant under the 2020 Plan. The 2020 Plan was amended in November 2023 to increase the maximum authorized shares under the plan by 1,625,000 shares, increasing the total authorized shares under the 2020 Plan from 2,350,000 to 3,975,000 shares.

Awards totaling 3,975,000 shares have been authorized under the 2020 Plan, as amended. There were 2,090,258 shares available for grant under the amended 2020 Plan as of June 30, 2025.

Equity-settled Restricted Stock Units

We have issued equity-settled restricted stock units under the following types of arrangements:

- Time-based awards—Employee awards generally vest in four equal annual installments beginning one year after the grant date. The award agreements contain a provision that accelerates the vesting for retirement eligible participants and participants that become retirement eligible during the vesting period and who elect to retire more than one year after the date of the award. The award is forfeited if retirement occurs before the first anniversary of the award. Settlement still occurs on the normal vesting schedules. Director awards vest one year after the grant date.

- Market-based awards—These awards are in the form of performance units which vest 3 years after the grant date only if our common stock achieves certain levels of total shareholder return when compared to the total shareholder return of a peer group of companies as selected by the Compensation Committee of the Board of Directors. The payout can range from zero to 200% of the original award depending on the Company's relative total shareholder return during the performance period.

All awards under the 2020 Plan vest upon the death or disability of the participant or upon a change of control of the Company, provided that the successor company fails to assume or replace the awards in connection with that change of control event. If the successor company does assume the awards, then vesting of the awards will be accelerated in the event of an involuntary termination or other material adverse event that occurs in connection with or following the change of control. All awards prior to the 2020 Plan vest upon the death or disability of the participant or upon a change of control of the Company.

Equity-settled time-based restricted stock unit activity for the fiscal year ended June 30, 2025 is as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Nonvested shares at June 30, 2024	753,366	$ 8.31
Shares granted	357,496	10.20
Shares vested and released	(305,556)	8.85
Shares canceled	(45,325)	9.74
Nonvested shares at June 30, 2025	759,981	$ 8.89

There were 412,976 and 338,358 equity-settled time-based restricted stock units granted in fiscal 2024 and 2023 with weighted average grant date fair values of $8.51 and $5.77 per share, respectively. There were 297,026 and 259,529 equity-settled time-based restricted stock units that vested and were released in fiscal 2024 and 2023 with weighted average grant date fair values of $9.40 and $14.19 per share, respectively. There were 15,357 equity-settled time-based restricted stock units cancelled in 2023 with a weighted average grant date fair value of $9.55 per share.

Equity-settled market-based restricted stock unit activity for the fiscal year ended June 30, 2025 is as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Nonvested shares at June 30, 2024	1,434,194	$ 12.27
Shares granted	468,351	11.49
Shares vested and released	(102,850)	16.19
Shares canceled	(274,363)	16.19
Nonvested shares at June 30, 2025	1,525,332	$ 11.06

There were 626,150 and 444,349 equity-settled market-based restricted stock units granted in fiscal 2024 and 2023 with weighted average grant date fair values of $12.83 and $8.01 per share, respectively. There were 329,489 and 198,660 equity-settled market-based restricted stock units cancelled in 2024 and 2023 with weighted average grant date fair values of $11.61 and $22.84 per share, respectively.

The grant date fair value of the time-based awards is determined by the market value of our common stock on the grant date. The grant date fair value of the market-based awards is calculated using a Monte Carlo model. For the fiscal 2025 grant, the model estimated the fair value of the award based on 100,000 simulations of the future prices of our common stock compared to the future prices of the common stock of its peer companies based on historical volatilities. The Monte Carlo simulation valuation methodology applied the following key inputs:

	2025	2024	2023
Valuation date price based on August 27, 2024, August 29, 2023, and August 30, 2022 closing stock prices of Matrix common stock	$ 9.74	$ 8.22	$ 5.78
Expected volatility[1]	57 %	58 %	71 %
Risk-free interest rate	3.74 %	4.61 %	3.47 %
Term in years	2.84	2.84	2.84

[1] The expected volatility inputs are based on historical volatility, which is based on the Company's closing prices over a period equivalent to the performance period

In the first quarter of fiscal 2024, due to an insufficient number of remaining shares available for issuance under the 2020 Plan, market-based awards granted in that period were subject to cash settlement upon vesting at the election of the board of directors, and the above-target payout portion of the awards were accounted for as liability awards. In the second quarter of fiscal 2024, stockholders approved an increase in the number of shares available for issuance under the 2020 Plan. In the fourth quarter of fiscal 2024, the compensation committee of the board of directors concluded the Company has the intent and ability to settle the entire market-based awards in equity, and therefore the grants became share-settled, equity-classified awards. The modification resulted in the elimination of the $1.0 million liability related to these awards, with a corresponding increase to additional paid-in capital, as presented on the Statements of Stockholders' Equity for the twelve months ended June 30, 2024.

Cash-Settled Restricted Stock Units

We granted 307,756, 360,030, and 251,575 cash-settled restricted stock units during fiscal years 2025, 2024 and 2023, respectively; with weighted average fair values of $3.1 million, $3.0 million, and $1.5 million, respectively. There were 255,110 and 165,109 shares vested and released in fiscal 2025 and 2024, respectively; with weighted average fair values of $2.2 million and $1.4 million, respectively. There were 45,325 shares cancelled in fiscal 2025 with a weighted average fair value of $0.4 million. There were no shares cancelled in fiscal 2024 and in fiscal 2023, 13,621 shares were cancelled with a weighted average fair value of $0.1 million.

The grant date fair value of these awards is based on the price of our common stock and the number of shares awarded on the date of grant. The award must be settled in cash and is accounted for as a liability-type award. The expense is recognized over the requisite service period with remeasurement at the end of each reporting period at fair value until settlement. The requisite service period is based on the vesting provisions of the awards which generally occur in four equal annual installments beginning one year after the grant date. These awards contain the same retirement provisions described for time-based awards in the equity-settled restricted stock units section above.

We recognized $4.7 million, $5.0 million, and $1.3 million of expense in fiscal years 2025, 2024, and 2023, respectively, for cash-settled restricted stock units, which was included in selling, general and administrative expenses and cost of revenue in the Consolidated Statements of Income. As of June 30, 2025, the current portion of the liability for cash-settled restricted stock units was $3.4 million and is included in accrued wages and benefits in the Consolidated Balance Sheets. The non-current portion of the liability was $3.2 million and is included in other non-current liabilities in the Consolidated Balance Sheets.

Note 11—Earnings per Common Share

Basic earnings per share ("EPS") is calculated based on the weighted average shares outstanding during the period. Diluted earnings per share includes the dilutive effect of employee and director nonvested restricted stock units. Nonvested restricted stock units are considered dilutive (antidilutive) whenever the average market value of the shares during the period exceeds (is less than) the sum of the related average unamortized compensation expense during the period. Nonvested restricted stock units are considered antidilutive in the event we report a net loss.

The computation of basic and diluted EPS is as follows:

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
	(In thousands, except per share data)		
Basic EPS:			
Net loss	$ (29,462)	$ (24,976)	$ (52,361)
Weighted average shares outstanding	27,769	27,379	26,988
Basic loss per share	$ (1.06)	$ (0.91)	$ (1.94)
Diluted EPS:			
Weighted average shares outstanding—basic	27,769	27,379	26,988
Diluted weighted average shares	27,769	27,379	26,988
Diluted loss per share	$ (1.06)	$ (0.91)	$ (1.94)

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

	Fiscal Years Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
		(In thousands)	
Nonvested restricted stock units	999	863	97

Note 12—Employee Benefit Plans

Defined Contribution Plans

We sponsor defined contribution savings plans for all eligible employees meeting length of service requirements. Under the primary plan, participants may contribute an amount up to 75% of pretax annual compensation subject to certain limitations. We match 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions. Our matching contributions vest immediately.

Our matching contributions were $5.0 million, $5.1 million and $5.3 million in fiscal years ended June 30, 2025, 2024, and 2023, respectively.

Multiemployer Pension Plans

We contribute to a number of multiemployer defined benefit pension plans in the U.S. and Canada under the terms of collective-bargaining agreements that cover our union-represented employees, who are represented by more than 100 local unions. The related collective-bargaining agreements between those organizations and us, which specify the rate at which we must contribute to the multi-employer defined pension plan, expire at different times between 2025 and 2029. Benefits under these plans are generally based on compensation levels and years of service.

For us, the financial risks of participating in multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

Under federal legislation regarding multiemployer pension plans, in the event of a withdrawal from a plan or plan termination, companies are required to continue funding their proportionate share of such plan's unfunded vested benefits. We are a participant in multiple union sponsored multiemployer plans, and, as a plan participant, our potential obligation could be significant. The amount of the potential obligation is not currently ascertainable because the information required to determine such amount is not identifiable or readily available.

Our participation in significant plans for the fiscal year ended June 30, 2025 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three digit plan number. The zone status is based on the latest information that the Company received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are generally less than 80 percent funded, and plans in the green zone are generally at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. The "Surcharge Imposed" column includes plans in a red zone status that require a payment of a surcharge in excess of regular contributions.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2025	Pension Protection Act Zone Status 2024	FIP/RP Status Pending or Implemented	Company Contributions Fiscal Year 2025	Company Contributions Fiscal Year 2024	Company Contributions Fiscal Year 2023	Surcharge Imposed
					(In thousands)			
Boilermaker-Blacksmith National Pension Trust	48-6168020/001	Green	Red	Implemented	$ 6,267	$ 4,494	$ 5,284	Yes
National Electrical Benefit Fund, IBEW locals 71, 126, 488, and 1319	53-0181657/001	Green	Green	NA	2,199	2,666	3,437	No
		Contributions to other multiemployer plans			8,718	13,673	14,835	
		Total contributions made			$ 17,184	$ 20,833	$ 23,556	

Employee Stock Purchase Plan

The Matrix Service Company 2011 Employee Stock Purchase Plan (“ESPP”) was effective January 1, 2011. The ESPP allows employees to purchase shares through payroll deductions and members of the Board of Directors to purchase shares from amounts withheld from their cash retainers. Share purchases are limited to an aggregate market value of no greater than $60,000 per calendar year per participant and are purchased from us at the current market value with no discount to the participant. Contributions are with after tax earnings and are accumulated in non-interest bearing accounts for quarterly purchases of company stock. Upon the purchase of shares, the participants receive all stockholder rights including dividend and voting rights and are permitted to sell their shares at any time. We have made 1,000,000 shares available under the ESPP and as of June 30, 2025 there were 733,334 shares available for purchase. The ESPP can be terminated at any time at the discretion of the Board of Directors and will automatically terminate once the plan shares are exhausted. There were 17,148 shares issued in fiscal 2025, 19,775 shares in fiscal 2024, and 50,139 shares in fiscal 2023.

Note 13—Segment Information

We operate our business through a number of different operating subsidiaries, which are organized into three reportable segments based on the type of work performed and the markets serviced:

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

Our Chief Operating Decision Maker ("CODM") is our President and Chief Executive Officer, who regularly reviews operating and financial performance based on our segments. The Company's CODM uses segment operating income as the key metric in evaluating segment performance. The CODM uses this metric in the budget and forecasting processes. The CODM considers budget-to-actual and forecast-to-actual variances when making decisions about allocating resources, including capital and personnel, to the segments.

We incur certain expenses at the corporate level that relate to our business as a whole. A portion of these expenses are allocated to our business segments. The balance of the corporate level expenses are reported in the "Corporate Selling, general and administrative expenses" line, which is primarily comprised of corporate facility expense, the cost of the executive management team, and other expenses pertaining to certain centralized functions that benefit the entire Company but are not directly attributable to any specific business segment, such as corporate human resources, legal, governance, compliance and finance functions. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (see Note 1). We eliminate intersegment sales; therefore, no intercompany profit or loss is recognized. Segment assets consist primarily of accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts, property, plant and equipment, right-of-use lease assets, goodwill and other intangible assets. Corporate assets consist primarily of cash, restricted cash, prepaid expenses, corporate fixed assets, and corporate operating lease right-of-use assets.

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

(In thousands)

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
	Fiscal Year Ended June 30, 2025				
Total revenue [(1)]	$ 365,891	$ 248,691	$ 154,704	$ —	$ 769,286
Cost of revenue	(351,236)	(231,776)	(145,794)	(803)	(729,609)
Gross profit (loss)	14,655	16,915	8,910	(803)	39,677
Selling, general and administrative expenses	23,538	12,363	8,293	26,979	71,173
Restructuring costs	323	718	138	2,393	3,572
Operating income (loss)	**$ (9,206)**	**$ 3,834**	**$ 479**	**$ (30,175)**	**$ (35,068)**
[(1)] Total revenues are net of inter-segment revenues which are primarily Process and Industrial Facilities and were $2.1 million for the year ended June 30, 2025.					
Capital expenditures	$ 3,516	$ 1,123	$ 1,454	$ 1,592	$ 7,685
Depreciation and amortization	$ 5,042	$ 3,119	$ 1,636	$ 215	$ 10,012

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
	Fiscal Year Ended June 30, 2024				
Total revenue [(1)]	$ 276,800	$ 183,920	$ 266,260	$ 1,233	$ 728,213
Cost of revenue	(265,503)	(174,688)	(244,408)	(3,141)	(687,740)
Gross profit (loss)	11,297	9,232	21,852	(1,908)	40,473
Selling, general and administrative expenses	19,823	8,844	10,354	31,064	70,085
Restructuring costs	—	52	215	234	501
Operating income (loss)	**$ (8,526)**	**$ 336**	**$ 11,283**	**$ (33,206)**	**$ (30,113)**
[(1)] Total revenues are net of inter-segment revenues which are primarily Storage and Terminal Solutions and were $2.4 million for the year ended June 30, 2024.					
Capital expenditures	$ 4,641	$ 581	$ 476	$ 1,296	$ 6,994
Depreciation and amortization	$ 4,958	$ 3,000	$ 2,840	$ 225	$ 11,023

	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities	Corporate	Total
	Fiscal Year Ended June 30, 2023				
Total revenue [(1)]	$ 255,693	$ 169,504	$ 369,823	$ —	$ 795,020
Cost of revenue	(245,223)	(158,805)	(359,067)	(1,105)	(764,200)
Gross profit (loss)	10,470	10,699	10,756	(1,105)	30,820
Selling, general and administrative expenses	20,054	7,045	14,909	26,241	68,249
Goodwill impairment	—	—	12,316	—	12,316
Restructuring costs	969	37	972	1,164	3,142
Operating income (loss)	**$ (10,553)**	**$ 3,617**	**$ (17,441)**	**$ (28,510)**	**$ (52,887)**
[(1)] Total revenues are net of inter-segment revenues which are primarily Storage and Terminal Solutions and were $5.6 million for the year ended June 30, 2023.					
Capital expenditures	$ 1,406	$ 4,501	$ 2,775	$ 327	$ 9,009
Depreciation and amortization	$ 3,281	$ 3,465	$ 4,783	$ 2,165	$ 13,694

Total Assets by Segment

	June 30, 2025	June 30, 2024
	(In thousands)	
Storage and Terminal Solutions	$ 194,354	$ 138,529
Utility and Power Infrastructure	98,582	84,108
Process and Industrial Facilities	39,490	81,524
Corporate	267,830	147,190
Total Segment Assets	**$ 600,256**	**$ 451,351**

Geographical Disaggregation of Long-Lived Assets

The following table presents our long-lived tangible assets including property, plant and equipment, net, and operating right-of-use lease assets at June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
	(In thousands)	
United States	$ 55,137	$ 57,520
Canada	1,150	1,368
Other international	3,637	3,760
Total Long-Lived Assets	**$ 59,924**	**$ 62,648**

Information about Significant Customers by Segment:

	Significant Customers as a Percentage of Segment Revenue			
	Consolidated	Storage and Terminal Solutions	Utility and Power Infrastructure	Process and Industrial Facilities
Fiscal Year ended June 30, 2025				
Customer one	17.4 %	0.7 %	52.7 %	— %
Customer two	10.5 %	21.0 %	1.6 %	— %
Fiscal Year ended June 30, 2024				
Customer three	10.5 %	27.7 %	— %	— %
Customer four	10.3 %	— %	— %	28.2 %
Fiscal Year ended June 30, 2023				
Customer five	10.7 %	— %	— %	22.9 %

Note 14—Restructuring Costs

In the fourth quarter of fiscal 2025, we implemented an organizational restructuring plan to create a flatter, leaner organization by eliminating senior-level positions, streamlining our engineering and construction services, and decentralizing elements of our business development organization. As a result of this restructuring we incurred certain costs, consisting primarily of severance and other personnel-related costs, which totaled 3.6 million for fiscal year 2025. In the first quarter of fiscal 2026, we expanded this plan to further integrate our engineering and construction services, consolidate service lines, and close an under-performing office, among other changes. We incurred approximately $3.5 million of restructuring costs during the first quarter of fiscal 2026 associated with these actions.

In fiscal 2020, we initiated a business improvement plan to increase profitability and reduce our cost structure as a result of the effects of the COVID-19 pandemic and related market disruptions. Our restructuring efforts were substantially complete as of June 30, 2023.

Restructuring costs incurred for the fiscal 2020 plan are classified as follows:

	June 30, 2023	Since Inception of Business Improvement Plan
	(in thousands)	
Restructuring Costs by Type:		
Severance and other personnel-related costs	$ 2,787	$ 18,202
Total facility costs	216	4,746
Total other intangible asset impairments	—	1,525
Other costs	139	582
Total restructuring costs	$ 3,142	$ 25,055

Matrix Service Company
Schedule II—Valuation and Qualifying Accounts
June 30, 2025, June 30, 2024, and June 30, 2023
(In thousands)

COL. A	COL. B	COL. C ADDITIONS		COL. D		COL. E
	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts—Describe	Deductions—Describe		Balance at End of Period
Fiscal Year 2025						
Deducted from asset accounts:						
Allowance for credit losses	$ 201	$ 51	$ —	$ —		$ 252
Valuation allowance for deferred tax assets	49,434	6,472	67	—	(B)	55,973
Total	$ 49,635	$ 6,523	$ 67	$ —		$ 56,225
Fiscal Year 2024						
Deducted from asset accounts:						
Allowance for credit losses	$ 1,061	$ 3	$ —	$ (863)	(A)	$ 201
Valuation allowance for deferred tax assets	41,060	8,542	—	(168)	(B)	49,434
Total	$ 42,121	$ 8,545	$ —	$ (1,031)		$ 49,635
Fiscal Year 2023						
Deducted from asset accounts:						
Allowance for credit losses	$ 1,320	$ (88)	$ —	$ (171)	(A)	$ 1,061
Valuation allowance for deferred tax assets	28,615	12,595	—	(150)	(B)	41,060
Total	$ 29,935	$ 12,507	$ —	$ (321)		$ 42,121

(A) Relates to various write-offs and cash receipts of previously reserved accounts from prior periods.
(B) Relates to foreign currency translation for the portion of the valuation allowance on net operating loss and tax credit carryforwards in foreign jurisdictions.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2025. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level at June 30, 2025.

Management's Report on Internal Control over Financial Reporting

See "Management's Report on Internal Control over Financial Reporting" set forth in Item 8, Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes during the fourth quarter of fiscal 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On May 15, 2025, Mrs. Nancy E. Austin, our Vice President and Chief Administrative Officer, entered into a trading plan with her broker intended to satisfy the affirmative defense conditions of Rule 10b5-1 under the Securities and Exchange Act of 1934 ("Rule 10b5-1 Trading Plan"). The Rule 10b5-1 Trading Plan allows Mrs. Austin to sell up to 47,767 shares of Matrix Service Company common stock. Mrs. Austin's Rule 10b5-1 Trading Plan expires upon the earlier of May 14, 2026 or the date all trades pursuant to such trading plan are executed.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item with respect to our directors and corporate governance is incorporated herein by reference to the sections entitled “Proposal Number 1: Election of Directors” and “Corporate Governance and Board Matters” in our definitive Proxy Statement for the 2025 Annual Meeting of Stockholders (“Proxy Statement”). The information required by this item with respect to our executive officers is incorporated herein by reference to the section entitled “Executive Officer Information” in the Proxy Statement.

We have adopted an insider trading policy and related procedures governing the purchase, sale and other dispositions of our securities by our directors, officers and employees, and have implemented related processes for the Company and its subsidiaries. We believe the insider trading policy is reasonably designed to promote compliance with applicable federal and state securities laws as well as applicable listing standards. A copy of our insider trading policy is filed as Exhibit 19 to this report.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to the sections entitled “Director Compensation,” "Compensation Discussion and Analysis" and “Executive Officer Compensation” in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to the sections entitled “Securities Authorized for Issuance Under Executive Compensation Plans” and “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated herein by reference to the section entitled "Corporate Governance and Board Matters" and “Certain Relationships and Related Transactions” in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference to the sections entitled “Fees of Independent Registered Public Accounting Firm” and “Audit Committee Pre-Approval Policy” in the Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) Financial Statements of the Company

The following financial statements and supplementary data are filed as a part of this report under "Item 8—Financial Statements and Supplementary Data" in this Annual Report on Form 10-K:

(2) Financial Statement Schedules

The financial statement schedule is filed as a part of this report under Schedule II—Valuation and Qualifying Accounts June 30, 2025, June 30, 2024 and June 30, 2023, immediately following Notes to Consolidated Financial Statements. All other schedules are omitted because they are not applicable or the required information is shown in the financial statements, or notes thereto, included herein.

(3) The following documents are included as exhibits to this Annual Report on Form 10-K. The exhibits below incorporated by reference herein are indicated as such by the information supplied in the parenthetical hereafter.

3.1	Amended and Restated Certificate of Incorporation of Matrix Service Company (Exhibit 3.1 to the Company's Current Report on Form 8-K filed December 7, 2022).
3.2	Third Amended and Restated Bylaws, effective as of May 2, 2023 (Exhibit 3.1 to the Company’s Current Report on Form 8-K filed May 8, 2023).
4.1	Description of the Company's Common Stock (Exhibit 4.2 to the Company’s Annual Report on Form 10-K filed September 4, 2019).
+10.1	Matrix Service Company 2018 Stock and Incentive Compensation Plan (Appendix A to the Company's Proxy Statement, filed September 21, 2018).
+10.2	Form of Restricted Stock Unit Award Agreement for Directors (2018 Stock and Incentive Compensation Plan) (Exhibit 10 to the Company's Quarterly Report on Form 10-Q, filed November 8, 2018).
+10.3	Form of Restricted Stock Unit Agreement for Employees (2018 Stock and Incentive Compensation Plan) (Exhibit 10.14 to the Company's Annual Report on Form 10-K, filed September 3, 2020).
+10.4	Form of Long-Term Incentive Award Agreement (2018 Stock and Incentive Compensation Plan) (Exhibit 10.15 to the Company's Annual Report on Form 10-K, filed September 3, 2020).
+10.5	Form of Amended and Restated Severance Agreement (Exhibit 10 to the Company's Current Report on Form 8-K filed November 15, 2016).
+10.6	Amended and Restated Deferred Compensation Plan for Members of the Board of Directors (Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed January 8, 2009).
+10.7	Amendment 1 to Amended and Restated Deferred Compensation Plan for Members of the Board of Directors (Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed November 9, 2012).
+10.8	Matrix Service Company 2020 Stock and Incentive Compensation Plan (Appendix A to the Company's Proxy Statement filed on September 24, 2020)..
+10.9	Form of Long-Term Incentive Award Agreement (2020 Stock and Incentive Compensation Plan) (Exhibit 10.16 to the Company's Annual Report on Form 10-K filed September 13, 2021).
+10.10	Form of Restricted Stock Unit Award Agreement (2020 Stock and Incentive Compensation Plan) (Exhibit 10.17 to the Company's Annual Report on Form 10-K filed September 13, 2021).
+10.11	Form of Indemnification Agreement (Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed November 7, 2019).
10.12	Credit Agreement dated as of September 9, 2021 by and among, Matrix Service Company and certain subsidiaries thereof, certain financial institutions as lenders, and Bank of Montreal, as administrative agent (Exhibit 10.19 to the Company's Annual Report on Form 10-K filed September 13, 2021).
10.13	First Amendment and Waiver to Credit Agreement dated October 5, 2020 by and among Matrix Service Company and certain subsidiaries thereof, certain financial institutions as lenders, and Bank of Montreal, as administrative agent (Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 7, 2022).
+10.14	Amended and Restated Matrix Service Company 2021 Severance Plan for Executives (Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 10, 2022).
10.15	Second Amendment to Credit Agreement dated December 29, 2023 by and among, Matrix Service Company and certain subsidiaries thereof, certain financial institutions as lenders, and Bank of Montreal, as administrative agent (Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed February 8, 2024).
10.16	Third Amendment to Credit Agreement dated May 3, 2024 by and among, Matrix Service Company and certain subsidiaries thereof, certain financial institutions as lenders, and Bank of Montreal, as administrative agent (Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed May 9, 2024).
10.17	Fourth Amendment to Credit Agreement and Joinder dated August 22, 2025 by and among, Matrix Service Company and certain subsidiaries thereof, certain financial institutions as lenders, and Bank of Montreal, as administrative agent. (Exhibit 10.1 to the Company's Annual Report on Form 10-K filed September 10, 2025).

*19	Matrix Service Company Insider Trading Policy
*21	Subsidiaries.
*23	Consent of Independent Registered Public Accounting Firm—Deloitte & Touche LLP.
*31.1	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002—CEO.
*31.2	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002—CFO.
*32.1	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002)—CEO.
*32.2	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002)—CFO.
*95	Mine Safety Disclosure.
*97	Matrix Service Company Clawback Policy
*101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	XBRL Taxonomy Schema Document.
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
*101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith.

+Management Contract or Compensatory Plan.

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Matrix Service Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Matrix Service Company

Date : September 10, 2025

By: **/s/ John R. Hewitt**

John R. Hewitt, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ John D. Chandler **John D. Chandler**	Chairman of the Board of Directors	**September 10, 2025**
/s/ John R. Hewitt **John R. Hewitt**	President, Chief Executive Officer and Director (Principal Executive Officer)	**September 10, 2025**
/s/ Kevin S. Cavanah **Kevin S. Cavanah**	Vice President and Chief Financial Officer (Principal Accounting and Principal Financial Officer)	**September 10, 2025**
/s/ Jose L. Bustamante **Jose L. Bustamante**	Director	**September 10, 2025**
/s/ Martha Z. Carnes **Martha Z. Carnes**	Director	**September 10, 2025**
/s/ Carlin G. Conner **Carlin G. Conner**	Director	**September 10, 2025**
/s/ Liane K. Hinrichs **Liane K. Hinrichs**	Director	**September 10, 2025**
/s/ James H. Miller **James H. Miller**	Director	**September 10, 2025**

[This page intentionally left blank]

BOARD OF DIRECTORS.

John D. Chandler
Board Chair

John R. Hewitt
President and
Chief Executive Officer

Jose L. Bustamante
Director

Martha Z. Carnes
Chair of Audit Committee

Carlin G. Conner
Chair of Compensation Committee

Liane K. Hinrichs
Chair of Nominating
and Corporate Governance Committee

James H. Miller
Chair of Project Risk Committee

EXECUTIVE OFFICERS.

John R. Hewitt
President and
Chief Executive Officer

Kevin S. Cavanah
Vice President and
Chief Financial Officer

Shawn P. Payne
President, Engineering
and Construction

Nancy E. Austin
Vice President and
Chief Administrative Officer

Douglas J. Montalbano
President,
Matrix NAC

Justin D. Sheets
Vice President, Legal
and Operations Services

MATRIX SERVICE
COMPANY

MATRIX SERVICE
COMPANY

15 E. 5TH ST., STE. 1100 | TULSA, OK 74103

MATRIXSERVICECOMPANY.COM

NASDAQ: MTRX