



**CONRAD**  

---

**Industries, Inc.**

2025 ANNUAL REPORT

## **Section I**

Conrad Industries, Inc.

Notice of the 2026 Annual Meeting and Proxy Statement

**CONRAD INDUSTRIES, INC.**  
**1100 Brashear Avenue**  
**Suite 200**  
**Morgan City, Louisiana 70380-0790**

July 7, 2026

TO OUR STOCKHOLDERS:

You are cordially invited to attend our 2026 Annual Meeting of Stockholders to be held on Tuesday, August 4, 2026 at 9:00 a.m., local time, at our corporate offices, 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380. A Notice of the Annual Meeting, proxy statement and proxy card are enclosed with this letter.

We encourage you to read the Notice of the Annual Meeting, proxy statement and proxy card so that you may be informed about the business to come before the meeting. Your participation is important, regardless of the number of shares that you hold. To ensure your representation at the meeting, please promptly submit your proxy and voting instructions online at [www.voteproxy.com](http://www.voteproxy.com) or complete, sign, date and return the accompanying proxy card in the enclosed postage-paid envelope.

We look forward to seeing you on August 4, 2026.

Sincerely,

*/s/ Cecil A. Hernandez*

Cecil A. Hernandez  
*President and Chief Executive Officer*

**CONRAD INDUSTRIES, INC.**  
**1100 Brashear Avenue**  
**Suite 200**  
**Morgan City, Louisiana 70380-0790**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD AUGUST 4, 2026**

To our Stockholders:

**When and Where.** Our 2026 Annual Meeting of Stockholders (the “Annual Meeting”) will be held on Tuesday, August 4, 2026 at 9:00 a.m., local time, at our corporate offices, 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380.

**Record Date.** Only stockholders of record at the close of business on June 22, 2026 will be entitled to notice of and to vote at the Annual Meeting.

**Purpose of the Meeting.** The Annual Meeting has been called for the following purposes:

- To elect two Class I directors, to serve for a three-year term until our 2029 Annual Meeting of Stockholders and until their successors have been duly elected and qualified; and
- To consider and act upon such other business as may properly come before the meeting or any adjournments thereof.

You will find more information on the director nominees and further instructions on how to vote in the accompanying proxy statement.

The proxy statement for the Annual Meeting and our Annual Report for the year ended December 31, 2025 are available at <https://materials.proxyvote.com/208305>. We do not use “cookies” or other software that identifies visitors accessing these materials on the website.

**Your Vote Counts! It is important that your shares be represented at the Annual Meeting regardless of whether you plan to attend. This will ensure the presence of a quorum at the meeting. Please submit your proxy and voting instructions online at [www.voteproxy.com](http://www.voteproxy.com) or complete, sign and date the enclosed proxy card and return it in the envelope provided as promptly as possible, even if you intend to be present at the Annual Meeting. You may revoke your proxy by following the instructions for revoking your proxy contained in the proxy statement for the Annual Meeting.**

By Order of our Board of Directors,

*/s/ Scott A. Thomas*

Scott A. Thomas  
*Senior Vice President, Chief Financial Officer,  
Treasurer and Secretary*

Morgan City, Louisiana  
July 7, 2026

**CONRAD INDUSTRIES, INC.**  
**1100 Brashear Avenue**  
**Suite 200**  
**Morgan City, Louisiana 70380-0790**

**PROXY STATEMENT**  
**FOR**  
**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held August 4, 2026**

<u><b>CONTENTS OF 2026 PROXY STATEMENT</b></u>	<u><b>Page</b></u>
<b>Voting Information</b> .....	2
General Instructions On How To Vote.....	2
Voting Rules.....	2
<b>Proposal: Election Of Directors</b> .....	4
<b>Company Information</b> .....	5
Information About The Continuing Directors .....	5
Directors’ Meetings And Compensation .....	5
Independent Directors Committee .....	5
Independent Directors Committee Interlocks And Insider Participation.....	6
Executive Compensation .....	6
Transactions With Certain Affiliates.....	6
Stock Ownership By Conrad Industries’ Largest Stockholders And Management.....	7
Independent Auditors .....	7
Corporate Governance Developments.....	7
Stockholder Proposals And Director Nominations For The 2027 Annual Meeting; Director Recommendations .....	8
Policies Regarding Director Attendance At Annual Meetings And Communications With Directors .....	9
Discretionary Voting Of Proxies On Other Matters .....	9
2025 Annual Report; Report For The First Quarter Of 2026 .....	10
<b>Exhibit A— Conrad Industries, Inc. Independent Directors Committee Charter</b>	A-1

*Our principal executive offices are located at 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380. This proxy statement, and the accompanying Notice of the 2026 Annual Meeting of Stockholders and proxy card, are first being mailed to our stockholders on or about July 7, 2026.*

## VOTING INFORMATION

### GENERAL INSTRUCTIONS ON HOW TO VOTE

Below are instructions on how to vote your shares of our common stock at Conrad Industries, Inc.'s ("Conrad" or the "Company") 2026 Annual Meeting of Stockholders (the "Annual Meeting") to be held on August 4, 2026 at 9:00 a.m., local time at the Company's corporate offices located at 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380, as well as information on your rights as a stockholder as they relate to voting. Some of the instructions will differ depending on how your stock is held. It is important to follow the instructions that apply depending on how you own your shares.

**If your shares are held in "street name,"** meaning a bank, broker, trustee or other nominee is the stockholder of record of your shares of our common stock, you should vote your shares by the method(s) provided by your broker or other nominee.

**If you plan to attend the Annual Meeting and vote in person,** the materials needed to be permitted to attend and participate at the Annual Meeting will depend on how your shares are held:

- *Shares registered in your name*—Check the appropriate box on the enclosed proxy card and bring evidence of your stock ownership as well as photo identification with you to the Annual Meeting. The proxy card, the evidence of your ownership and photo identification will permit you to check in at the Annual Meeting and vote in person.
- *Shares registered in the name of your broker or other nominee*—Ask your broker to provide you with a legal proxy in your name (which will allow you to vote your shares in person at the meeting) and bring evidence of your stock ownership from your broker as well as photo identification. If you are voting shares held in the name of an entity (such as a limited liability company, corporation or trust), you must provide evidence of your authority to vote such shares for such entity, the sufficiency of which will be determined by the chairman of the Annual Meeting (in consultation with legal counsel) in their sole discretion.

Remember that attendance at the Annual Meeting will be limited to stockholders as of June 22, 2026, the record date for the Annual Meeting, (or their authorized representatives) with evidence of their share ownership and the Company's guests.

**If you plan to vote prior to the Annual Meeting via the internet,** you should visit [www.voteproxy.com](http://www.voteproxy.com) and follow the instructions shown on your proxy card.

**If you plan to vote prior to the Annual Meeting via mail,** you should complete, sign, date and mail your proxy card in the envelope provided as soon as possible.

**How to Revoke Your Proxy.** If your shares are registered in your name, you may revoke your proxy at any time before it is exercised by:

- filing with our Secretary a written notice revoking it;
- executing and returning another proxy bearing a later date; or
- attending the Annual Meeting and so notifying the Secretary of the Annual Meeting in writing prior to the voting of the proxy.

If your shares are held in street name, you must contact your broker to revoke your voting instructions. Written notices to us must be addressed to Scott A. Thomas, Secretary, Conrad Industries, Inc., 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380. No revocation by written notice will be effective unless such notice has been received by our Secretary prior to the day of the Annual Meeting or by the Secretary of the Annual Meeting at the Annual Meeting prior to it being voted.

### VOTING RULES

**Stockholders Entitled to Vote —The Record Date.** The Company's Board of Directors (the "Board") has fixed the close of business on June 22, 2026 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any postponement(s) or adjournment(s) thereof. As of the record date, we had 5,017,935 shares of common stock issued and outstanding. There are no other classes of our voting securities outstanding.

**Quorum Required.** A quorum must exist for us to hold the Annual Meeting. For a quorum to exist, we will need the presence, either in person or by proxy, of holders of a majority of our shares of common stock issued and outstanding and entitled to vote at the Annual Meeting as of the record date. Abstentions and broker non-votes (if any) are counted for purposes of determining whether a quorum is present. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares.

**Number of Votes.** You are entitled to one vote per share of our common stock that you own as of the record date on each matter that is called to a vote at the Annual Meeting.

**Voting to Elect Directors.** When voting to elect the directors, you have three options:

- Vote for all of the nominees;
- Vote for one but not the other nominee; or
- Withhold authority to vote for all of the nominees.

Directors are elected by a plurality of the votes cast. If a quorum is present at the Annual Meeting, the two nominees receiving the greatest number of votes will be elected to serve as directors. Because of this rule, any shares that are not voted or any votes that are withheld will not influence the outcome of the election of directors. Cumulative voting for the election of the directors is not permitted.

**Voting on Other Matters.** The Board is not currently aware of any matters to be presented at the Annual Meeting, other than the election of directors. However, if voting occurs on another matter properly presented, you will have three options, which are different from those pertaining to the election of the directors:

- Vote “FOR” a given proposal;
- Vote “AGAINST” a given proposal; or
- “ABSTAIN” from voting on a given proposal.

Any matter, other than the election of the directors, would be approved if the votes cast in favor of the matter exceed the votes cast against the matter, unless the matter is one upon which, by express provision of law, or the Company’s Certificate of Incorporation or Bylaws, a different vote is required, in which case such express provision shall govern and control the vote on such matter. Any abstentions or broker non-votes with respect to a particular proposal requiring such vote would not be treated as a vote cast with respect to such proposal and have no effect on the voting results of such proposal.

A duly executed proxy confers authority to the persons named in the proxy to vote, in their discretion, on any other matters properly presented at the Annual Meeting.

**Voting of Proxies with Unmarked Votes.** All proxies that are properly completed, signed, dated and returned prior to the Annual Meeting will be voted. If you return your proxy properly signed and dated but with no votes marked, your shares will be voted “FOR” the election of each of the Board’s nominees for director.

**Who Counts the Votes.** Votes will be counted by Equiniti Trust Company, LLC, our transfer agent and registrar, who will provide a final voting report based on the report from the inspector of election for the Annual Meeting.

**Information about this Solicitation of Proxies.** The solicitation of the proxy accompanying this proxy statement is being made by the Board in connection with the Annual Meeting. In addition to the solicitation of proxies by use of this proxy statement, our directors, officers and employees may solicit the return of proxies by mail, in-person meetings, telephone, fax or electronic mail. Our directors, officers and employees will not receive additional compensation for their solicitation efforts, but they will be reimbursed for any out-of-pocket expenses incurred. Brokers and other nominees will be requested, in connection with our common stock registered in their names, to forward solicitation materials to beneficial owners of such stock.

All costs of preparing, printing, assembling and mailing the Notice of the Annual Meeting, this proxy statement, the enclosed proxy card and any additional materials, as well as the cost of forwarding such solicitation materials to the beneficial owners of our common stock and all other costs of solicitation, will be borne by us.

## PROPOSAL: ELECTION OF DIRECTORS

Our Amended and Restated Certificate of Incorporation divides or “classifies” the Board into three classes (Classes I, II and III) with respect to the three-year terms for which the directors in each class individually hold office. Each class consists of, as nearly equal as possible, one-third of the entire Board. Each director is elected to hold office for a term ending on the date of the third annual meeting following the annual meeting of stockholders at which such director was elected. The Board currently consists of five directors: John P. Conrad, Jr., Cecil A. Hernandez, Daniel T. Conrad, Larry J. Callais, and John R. Waldo. The current term for the Class I directors will expire at the Annual Meeting. The terms of office of the current Class II and Class III directors will expire at our annual meetings of stockholders to be held in 2027 and 2028, respectively.

The Board has nominated and urges you to vote for the election of the two nominees identified below to serve as Class I directors for a three-year term and until their successors are duly elected and qualified. Each of the nominees listed below is currently a member of the Board. Proxies solicited hereby will be voted for all Board-designated nominees, unless stockholders specify otherwise in their proxies.

If, at the time of or prior to the Annual Meeting, any of the nominees should be unable or decline to serve, the discretionary authority provided in the proxy may be used to vote for a substitute or substitutes designated by our Board of Directors. Our Board of Directors has no reason to believe at this time that any substitute nominee or nominees will be required.

The two nominees for re-election as Class I directors to serve until 2029 and certain additional information with respect to each of them are as follows:

<u>Name</u>	<u>Age</u>	<u>Position with Conrad Industries</u>	<u>Year First Became a Director</u>
Cecil A. Hernandez	69	Director (Class I), President and Chief Executive Officer	1998
Larry J. Callais	76	Director (Class I)	2022

*Cecil A. Hernandez* has been a director of Conrad Industries since March 1998. Mr. Hernandez joined Conrad Industries in January 1998 and served as Vice President-Finance and Administration and Chief Financial Officer of Conrad Industries from 1998 until 2002. During August 2004, Mr. Hernandez returned to Conrad and served as Chief Operating Officer and interim CFO until February 2005, at which time he assumed the position of Executive Vice-President and Chief Financial Officer until November 2018. Mr. Hernandez served as Chief Operating Officer from July until October 2018. In November 2018, he became President. In May 2025, he became President and Chief Executive Officer. From October 2002 to August 2004, Mr. Hernandez served as the President of Summit Management Group, L.L.C., a company formed by John P. Conrad, Jr. and his immediate family. Mr. Hernandez founded Hernandez & Blackwell CPAs in 1983 and served as its Managing Partner until December 1997. Hernandez & Blackwell CPAs merged with Darnall Sikes & Frederick CPAs in 1996. Additionally, Mr. Hernandez provided accounting and consulting services for Conrad Industries as the outside Certified Public Accountant from 1993 until 1997. From 1982 to 1983, Mr. Hernandez served as Assistant Controller for Oceaneering International, a publicly traded diving company. Mr. Hernandez was employed by the international accounting firm Deloitte Haskins & Sells (now Deloitte & Touche LLP) from 1979 to 1982.

*Larry J. Callais* has been a director of Conrad Industries since November 2022. Mr. Callais served as Chief Executive Officer of M C Bank from 1999 until 2021. He joined the bank in 1977. M C Bank is a private, Morgan City-based commercial bank with seven locations in south Louisiana. Among his many civic and professional activities, Mr. Callais has served as Chairman of the Board of the St. Mary Parish Foundation, served as Chairman of the Board of Trustees of Teche Regional Medical Center in Morgan City and is a former member of the Board of Directors of the Louisiana Bankers Association. He is a Certified Public Accountant, on inactive status.

***The Board recommends that stockholders vote “FOR” the election of each of Mr. Cecil A. Hernandez and Mr. Larry J. Callais as directors to hold office until our 2029 annual meeting of stockholders and until their successors are duly elected and qualified. Proxies executed, dated and returned will be so voted unless contrary instructions are indicated thereon.***

## COMPANY INFORMATION

### INFORMATION ABOUT THE CONTINUING DIRECTORS

Information regarding the business experience of the Company's directors is included below, except such information for Cecil A. Hernandez and Larry J. Callais, who have been nominated for re-election to the Board, which information is set forth above under the heading "Proposal: Election of Directors."

<u>Name</u>	<u>Age</u>	<u>Position with Conrad Industries</u>	<u>Year First Became a Director</u>
John P. Conrad, Jr.	83	Director (Class III), Executive Chairman of the Board of Directors	1998
Daniel T. Conrad	62	Director (Class III), Senior Vice President and Assistant Secretary	2014
John R. Waldo	48	Director (Class II)	2025

*John P. Conrad, Jr.* has been with our Company since 1962, serving as Vice President from 1982 to April 2004, and as Co-Chairman of the Board from March 1998 to January 2014, when he became Chairman of the Board. Mr. Conrad served as Chief Executive Officer from April 2004 to May 2025, when he became Executive Chairman of the Board. Mr. Conrad served as President from April 2004 until November of 2018. Mr. Conrad founded Johnny's Propeller Shop, Inc., a marine-related service company, in 1963 and is Chairman of the Board and Chief Executive Officer of this company. In 2000, Mr. Conrad and members of his immediate family founded Summit Management Group, L.L.C., which currently owns, among other investments, all of the outstanding ownership interests in Johnny's Propeller Shop. Mr. Conrad is currently the Operating Manager of Summit Management Group. He is the father of Daniel T. Conrad.

*Daniel T. Conrad* has been a director of Conrad Industries since January 2014. Mr. D. Conrad was appointed to fill the vacancy created by the resignation of J. Parker Conrad and to serve as a Class III director. Mr. D. Conrad joined the Company in 1997 and has held numerous positions including Facility Manager, Sales Manager, Business Relations Manager and currently is Senior Vice President of our Conrad Shipyard, Conrad Shipyard Amelia and Conrad Orange subsidiaries and Assistant Secretary. From 1989 to 1996, Mr. D. Conrad served in various positions with Venture Transport, Inc., a specialized carrier in oilfield and energy equipment. Mr. D. Conrad is the son of John P. Conrad, Jr.

*John R. "Jack" Waldo* has been a director of Conrad Industries since January 2025. Mr. Waldo serves as co-Chief Executive Officer of Dental Depot, a privately-held dentistry group with 46 locations spread over four states. He joined Dental Depot in 2017 as director of regional operations, became Chief Operating Officer shortly thereafter and became co-CEO in July 2020. Prior to Dental Depot, Mr. Waldo was an investment banker and research analyst at Stephens Inc. for 17 years, including serving as Managing Director of Transportation and Logistics Investment Banking. Since 2021, Mr. Waldo has served on the Board of Directors of United Petroleum Transport, a leader in the tank truck industry and a private company. He also serves on the Board of Directors of the Samuel Roberts Noble Foundation, which makes charitable grants to nonprofits that cultivate good health, support education and build stronger communities, primarily in Oklahoma.

### DIRECTORS' MEETINGS AND COMPENSATION

During 2025, the Board met five times and took certain additional actions by unanimous written consent in lieu of meetings. During this period, each of our directors attended at least 75 percent of the aggregate number of meetings of the Board and committees of the Board on which they served.

Our directors who are employees do not receive any compensation for service on the Board or any committee. Our directors are, however, reimbursed for expenses incurred in connection with attending each Board and committee meeting. Directors who are not our employees receive a fee of \$40,800 annually, plus \$1,350 for attendance at each Board meeting and \$500 for each committee meeting attended.

### INDEPENDENT DIRECTORS COMMITTEE

The Board has established an Independent Directors Committee, which has the functions described in the Independent Directors Committee Charter attached to this proxy statement as Exhibit A. These functions include being directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors, approving all compensation and

benefits provided to, and any employment agreement with, all executive officers of the Company, and approving related party transactions involving a director or executive officer. Messrs. Callais (Chairperson) and Waldo are the current members of the Independent Directors Committee. All members of the Committee are independent, as independence is defined in the listing standards of The NASDAQ Stock Market. The Independent Directors Committee met three times during 2025.

## **INDEPENDENT DIRECTORS COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During fiscal year 2025, Larry J. Callais and Jack R. Waldo served on the Independent Directors Committee. John R. Waldo became a director of our Company, effective January 28, 2025, upon the retirement of former director Michael J. Harris. No member served as an officer or employee of the Company or any of its subsidiaries prior to or while serving on the Independent Directors Committee. None of our executive officers served during the last fiscal year on the board of directors or on the compensation committee of another entity, one of whose executive officers served on the Board or on our Independent Directors Committee.

## **EXECUTIVE COMPENSATION**

### **Executive Officers**

The compensation paid or accrued to Messrs. J. Conrad and Hernandez, our principal executive officers (there being two during 2025 due to transition in the CEO position), and Messrs. Thomas and D. Conrad, our other two most highly compensated executive officers during the fiscal year(s) during which they served as executive officers is included in our 2025 Annual Report, under the heading “Executive Compensation.” On October 23, 2025, the Company entered into severance and change of control agreements with its four executive officers. For more information regarding these severance and change of control agreements, see the section entitled “Severance and Change in Control Agreements in our 2025 Annual Report.”

### **401(k) Plan**

Information pertaining to our 401(k) Plan is included in our 2025 Annual Report, in Note 10 under the heading of “Employee Benefits.”

### **Annual and Long-Term Incentive Plans**

We have established an annual incentive plan under which our executive officers and other key employees may be awarded cash bonuses based upon the achievement of certain performance goals. The payment of any bonuses is at the discretion of the Board, which may increase or decrease bonus amounts determined under the plan formulas. All bonuses paid to executive officers must be approved by the Independent Directors Committee. In 2026, the Committee approved cash bonuses under the plan, which were paid in 2026 with respect to 2025, to Mr. J. Conrad, \$392,000; Mr. Hernandez, \$352,800; Mr. Thomas, \$178,870; and Mr. D. Conrad, \$113,830. In addition, we recently adopted a stock incentive plan pursuant to which various types of equity awards could be granted to eligible participants, which include the Company’s executive officers, employees, non-employee directors and consultants. In early 2026, the Independent Directors Committee granted time-based and performance-based restricted stock units under this plan to certain employees, including the executive officers. For more information regarding our annual and long-term incentive plans, see the sections entitled “Annual and Long-Term Incentive Plans” and “Restricted Stock Units (RSUs)” in our 2025 Annual Report.

### **Agreements with Directors**

We have entered into indemnity agreements with all of our directors requiring us to indemnify and advance expenses to them in connection with their service to the Company to the fullest extent permitted by law. The agreements also require us to maintain directors’ and officers’ liability insurance, unless it is not reasonably available or, in the reasonable business judgment of our directors, there is insufficient benefit to us from the insurance.

## **TRANSACTIONS WITH CERTAIN AFFILIATES**

Information pertaining to transactions with certain affiliates is included in our 2025 Annual Report and Report for the First Quarter of 2026.

## STOCK OWNERSHIP BY CONRAD INDUSTRIES' LARGEST STOCKHOLDERS AND MANAGEMENT

The following table presents certain information, as of June 22, 2026, regarding the beneficial ownership of our common stock by:

- each person who is known by us to beneficially own more than five percent of our outstanding shares of common stock;
- each of our directors;
- each of our current executive officers; and
- all of our current directors and executive officers as a group.

Except as described below, each of the persons listed in the table has sole voting and investment power with respect to the shares listed.

<u>Beneficial Owner</u>	<u>Number of Shares</u>	<u>% of Total Outstanding</u>
John P. Conrad, Jr.	991,375	19.8%
Minerva Group LP	527,213	10.5%
SFH InvestCo LLC <sup>(1)</sup>	521,634	10.4%
Johnny & Mary Lou Conrad Family, LLC <sup>(2)</sup>	260,816	5.2%
Johnny & Mary Lou Conrad 2009 Trust <sup>(2)</sup>	255,600	5.1%
Cecil A. Hernandez	50,968	1.0%
Daniel T. Conrad <sup>(3)</sup>	11,454	0.2%
Scott A. Thomas <sup>(4)</sup>	1,000	*
Larry J. Callais	-	*
John R. Waldo	-	*
All Directors and Executive Officers as a group (6 persons)	1,054,797	21.0%

\* Less than one percent.

(1) Katherine C. Court as co-Manager; James K. Court as co-Manager and sole member.

(2) Edward Leonard and John P. Armato serve as Co-Trustees.

(3) Daniel T. Conrad as Trustee of Shares A B & C of Parker & Shirley Conrad 2001 Great Grandchildren's Trust; 1,200 held in name of Daniel T. Conrad.

(4) Linda M. Thomas Usufruct; Scott A. Thomas and Michele T. Boustany Naked Owners.

## INDEPENDENT AUDITORS

The Independent Directors Committee has selected Darnall, Sikes & Frederick, a Corporation of Certified Public Accountants as our independent auditors for fiscal year 2026. Representatives of Darnall, Sikes & Frederick, a Corporation of Certified Public Accountants will be present at the Annual Meeting and will have an opportunity to make a statement, if they desire to do so. They will also be available to respond to appropriate questions from stockholders attending the Annual Meeting.

## CORPORATE GOVERNANCE DEVELOPMENTS

### Executive Officer and Director Changes in 2025

In May 2025, we announced that the Board appointed Cecil A. Hernandez as President and Chief Executive Officer and that John P. Conrad assumed the position of Executive Chairman of the Board, remaining as an executive officer of the Company. We also announced in May 2025 that Ogden U. Thomas, Jr. retired from the Board, effective May 12, 2025, and that the size of the Board was decreased to five directors. The Company continues to regularly engage in a focused management succession planning process at all levels of the Company.

### Amended and Restated Bylaws

In May 2026, the Board approved an amendment and restatement of the Company's bylaws to align with current Delaware General Corporation Law ("DGCL"), clarify certain governance procedures, and better conform to prevailing practices. As a result of the passage of time, certain provisions in the Company's bylaws were no longer applicable, current or relevant and in some instances conflicted with the current DGCL. Accordingly, after discussion at its May 5, 2026 meeting, and after determining that it

was advisable and in the best interests of the Company and its stockholders, the Board amended and restated the Company's bylaws, effective May 19, 2026 (as amended, the "Bylaws"), to, among other things:

- provide flexibility for the Company to hold stockholder and Board (and Board committee) meetings virtually, as permitted by the DGCL;
- clarify that notices of stockholder and Board (and Board committee) meetings may be sent by means of electronic transmission;
- further clarify the treatment of abstentions and broker non-votes;
- modify the provisions of the Bylaws relating to accessing the stockholder list to align more closely with the DGCL;
- clarify the authority and duties of the inspector of elections and presiding officer at any stockholder meeting; and
- clarify authority to appoint or remove officers and the delegated authority and duties of each officer.

The amendments to the Bylaws also replace, with a more modernized version, the provisions governing the requirements for providing advance notice of stockholder proposals and director nominations to be brought before a stockholder meeting to revise the notice deadlines, and modify, clarify and add certain procedural and disclosure requirements, including, among other things, to:

- update the advance notice deadlines to be at least 90 days and no more than 120 days prior to the anniversary of the date of the prior year's annual meeting (with alternative deadlines if the annual meeting date changes significantly);
- clarify and update certain procedural and disclosure requirements for director nominations or other business to be properly brought before a meeting by a stockholder, including the requirements for a proper stockholder's notice (and any update or supplement of such information) to be accurate and timely, and when a proposal or nomination may be disregarded; and
- adds certain procedural and disclosure requirements for director nominations or other business to be properly brought before a meeting by a stockholder, including, as applicable, (i) limiting the number of stockholder nominees to the number of directors to be elected at the meeting, (ii) requiring the stockholder's notice to include certain representations regarding its solicitation and related matters and (iii) requiring reasonable documentary evidence of compliance with such representations.

The Bylaws also include certain additional ministerial, technical, conforming, modernizing, streamlining and clarifying changes. The foregoing description is qualified in its entirety by reference to the Bylaws, which are available on the Company's website at [www.conradindustries.com/about/investor-information/](http://www.conradindustries.com/about/investor-information/).

## **STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS FOR THE 2027 ANNUAL MEETING; DIRECTOR RECOMMENDATIONS**

### **Stockholder Proposals and Director Nominations**

Under the Bylaws, if you wish to bring a stockholder proposal before, or nominate a director for election at, the Company's 2027 annual meeting of stockholders, you must notify the Company's Secretary in writing no later than May 6, 2027, but no earlier than April 6, 2027, and otherwise comply with the advance notice requirements of the Bylaws. We plan to hold our 2027 annual meeting of stockholders on August 3, 2027.

Under the Bylaws, notices of stockholder proposals and director nominations must include, as applicable:

- the name and address of the stockholder proposing the business, Stockholder Associated Person (as defined in the Bylaws) and director nominee, as applicable;
- the class and number of shares of our stock that are directly or indirectly beneficially owned by the proposing/nominating stockholder, Stockholder Associated Person and director nominee, as applicable;
- a description of any agreement, arrangement or understanding with respect to the proposal or nomination (including any information on compensation by third parties related to the nomination for election or re-election of the director nominee as a director of the Company);
- a description of any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder, Stockholder Associated Person or director nominee, as applicable, has a right to vote, directly or indirectly, any stock of the Company or pursuant to which any other person has the right to vote, directly or indirectly, any stock owned by such stockholder, Stockholder Associated Person or director nominee, as applicable;

- a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder, director nominee and any Stockholder Associated Person, as applicable, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power or pecuniary or economic interest of, such stockholder, director nominee and Stockholder Associated Person, as applicable, with respect to shares of stock of the Company; and
- a representation from the stockholder (i) such stockholder owns stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at such meeting to propose such business, and (ii) as to whether the stockholder intends, or is part of a group which intends, (A) to deliver a proxy statement and/or form of proxy to holders of record of at least the percentage of voting power of all of the outstanding shares of the Company's capital stock required to approve or adopt the proposal or elect the nominee or nominees proposed to be nominated by the stockholder or (B) otherwise to solicit proxies from stockholders in support of such proposal or nomination.

In addition to the foregoing requirements, stockholders should refer to the Bylaws, which are available on the Company's website at [www.conradindustries.com/about/investor-information/](http://www.conradindustries.com/about/investor-information/), for a complete description of the procedural, informational and timeliness requirements for notice of stockholder proposals and director nominations. If you do not provide timely and proper notice of stockholder proposals or director nominations in accordance with the Bylaws, the chairman of the 2027 annual meeting may exclude the matter and, thus, it will not be acted upon at the 2027 annual meeting. If the chairman of the 2027 annual meeting does not exclude the matter, the proxies may vote in the manner they believe appropriate.

### **Stockholder Director Recommendations**

The Board is open to suggestions from stockholders on candidates for election to the Board. Any of our stockholders may suggest a director nominee by sending the following information to the Board: (1) your name, mailing address and telephone number, (2) the suggested nominee's name, mailing address and telephone number, (3) a statement whether the suggested nominee knows that his or her name is being suggested by you, and whether he or she has consented to being suggested and is willing to serve, (4) the suggested nominee's resume or other description of his or her background and experience and (5) your reasons for suggesting that the individual be considered for nomination by the Board. The information should be sent to the Board addressed as follows: Chairman, Board of Directors, Conrad Industries, Inc., 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380.

### **POLICIES REGARDING DIRECTOR ATTENDANCE AT ANNUAL MEETINGS AND COMMUNICATIONS WITH DIRECTORS**

It is the policy of the Board that directors are encouraged to attend all meetings of our stockholders. All of our directors attended our 2025 annual meeting of stockholders.

The Board has also adopted a process by which stockholders may communicate with our directors. Any stockholder wishing to do so may write to the Board or any of our directors at our corporate offices, 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380, or by writing care of our outside counsel, Ms. Alexandra C. Layfield at the following address: Board of Directors of Conrad Industries, Inc., c/o Ms. Alexandra C. Layfield, Outside Counsel, Jones Walker LLP, 445 North Boulevard, Suite 800, Baton Rouge, Louisiana 70802. All such stockholder communications will be delivered to the Independent Directors Committee. The Independent Directors Committee will review and consider all written communications from stockholders, and recommend appropriate responses thereto to the Board. The Company's General Secretary may also review each such communication within a reasonable time after receiving the communication and determine whether the communication is appropriate for delivery to the director or directors to whom it is addressed.

### **DISCRETIONARY VOTING OF PROXIES ON OTHER MATTERS**

Our management does not currently intend to bring any proposals before the Annual Meeting other than the election of the directors described in this proxy statement. If new proposals requiring a vote of our stockholders are brought before the meeting in a proper manner, the persons named in the accompanying proxy card intend to vote the shares represented by them in accordance with their best judgment.

**2025 ANNUAL REPORT; REPORT FOR THE FIRST QUARTER OF 2026**

A copy of our Annual Report and the financial statements for the year ended December 31, 2025 accompanies this proxy statement. A report for the first quarter of 2026 is available at [www.otcmarkets.com](http://www.otcmarkets.com) and on the Company's website at [www.conradindustries.com/about/investor-information/](http://www.conradindustries.com/about/investor-information/).

By Order of the Board of Directors

*/s/ Scott A. Thomas*

Scott A. Thomas  
*Senior Vice President, Chief Financial Officer,  
Treasurer and Secretary*

Morgan City, Louisiana  
July 7, 2026

**CONRAD INDUSTRIES, INC.  
INDEPENDENT DIRECTORS COMMITTEE CHARTER**

This Independent Directors Committee (the “Committee”) Charter has been adopted by the Board of Directors of Conrad Industries, Inc. (the “Company”).

### **Composition and Independence**

The Committee shall be appointed by the Board and shall consist of a minimum of two directors. All Committee members shall be independent under the rules of the Securities and Exchange Commission and the NASDAQ Stock Market.

One member of the Committee shall be appointed by the Board as chair. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, and making regular reports to the Board. The Committee may not designate subcommittees except with the prior approval of the Board.

### **Responsibilities**

The Committee shall have the authority and responsibilities set forth below. The Committee shall report its actions to the Board at its next meeting. Except as otherwise expressly provided by the Board, all actions and recommendations of the Committee must be approved by the Board in order to become effective as acts of the Company:

#### *Audit of Annual Financial Statements*

- The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent accounting firm engaged for the purpose of preparing or issuing an audit report on the Company’s annual financial statements, and such accounting firm shall report directly to the Committee.
- The Committee shall take appropriate actions to oversee and satisfy itself as to the auditor’s independence.
- The Committee shall review the Company’s audited financial statements and discuss them with management and the independent auditor.
- The Committee shall discuss with management and/or the Company’s counsel any legal matters (including the status of pending litigation) that may have a material impact on the Company’s annual financial statements, and any material reports or inquiries from regulatory or governmental agencies.

#### *Executive Compensation*

- The Committee shall approve all compensation and benefits provided to, and any employment agreement with, an executive officer of the Company.

#### *Code of Ethics, Conflicts of Interest and Related Party Transactions*

- The Committee shall perform such responsibilities as may be delegated to it pursuant to the Company’s Code of Ethics, including approving conflicts of interest involving any director or executive officer.
- The Committee shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on a regular basis and all such transactions must be approved by the Committee. For this purpose, “related party transaction” shall refer to those transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404.

### *Stockholder Communication with Directors*

- The Company's website and annual shareholder meeting materials will provide that any stockholder may communicate with the Company's directors regarding the Company. Stockholders may communicate with the Company's directors by writing to any director at the Company's principal business address or by writing care of the Company's outside counsel, Ms. Alexandra C. Layfield at the following address: Board of Directors of Conrad Industries, Inc., c/o Ms. Alexandra C. Layfield, Outside Counsel, Jones Walker, LLP, 445 North Boulevard, Suite 800, Baton Rouge, Louisiana 70802. All such stockholder communications shall be delivered to the Independent Directors Committee.

### *Other*

- The Committee shall administer the Company's Policy for Handling Complaints about Accounting Matters.
- The Committee shall maintain free and open communication with the independent auditor and Company management.
- The Committee shall perform such other duties as may be assigned to it from time to time by the Board.

### **Meetings**

The Committee shall meet at least once annually or more frequently as circumstances dictate. At least once each year the Committee shall have separate private meetings with the independent auditor and management.

Meetings may be called by the chair of the Committee, or at the request of a majority of the members of the Committee, the President or Chairman of the Board.

**Section II**

**Conrad Industries, Inc.**  
**2025 ANNUAL REPORT**

## TABLE OF CONTENTS

REPORT TO OUR SHAREHOLDERS .....	4
An Important Note About This Report .....	5
<i>Business Overview</i> .....	6
General .....	6
Operations.....	8
Customers .....	10
Contract Procedure, Structure and Pricing.....	10
Bonding and Guarantee Requirements .....	11
Engineering.....	11
Materials and Supplies.....	11
Vessel Construction Process.....	12
Competition .....	12
Employees .....	12
Insurance.....	13
Regulation.....	13
Risk Factors .....	14
<i>Properties</i> .....	21
Morgan City Shipyard .....	22
Amelia Shipyards .....	22
Conrad Orange Shipyard .....	23
<i>Legal Proceedings</i> .....	23
<i>Market for the Company’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</i> .....	23
<i>Selected Financial Data</i> .....	25
<i>Management’s Discussion and Analysis of Financial Condition and Results of Operations</i> .....	27
Overview .....	27
Results of Operations.....	30
Liquidity and Capital Resources.....	32
<i>Directors and Executive Officers</i> .....	33
<i>Executive Compensation</i> .....	36
<i>Directors’ Compensation</i> .....	36
<i>Severance and Change in Control Agreements</i> .....	36
<i>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</i> .....	37
<i>Certain Relationships and Related Transactions</i> .....	38
<i>Financial Statements and Quarterly Financial Data</i> .....	38

## CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

In this Annual Report and in the normal course of business, we, in an effort to help keep our stockholders and the public informed about our operations, may from time-to-time issue or make certain statements, either in writing or orally, that are or contain forward-looking statements. All statements contained herein, other than statements of historical fact, are forward-looking statements. When used in this report, the words “anticipate,” “believe,” “estimate,” “expect,” “project,” and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including risks and uncertainties related to changes in steel prices, changes in other material and labor costs, changes in U.S. tariff and trade policies and the potential impact of such changes on our business, changes in inflation, labor and supply constraints, changes in interest rates, our reliance on cyclical industries, our reliance on principal customers and government contracts, including any funding limitations or other disruptions resulting from a government shutdown or policy changes, our ability to perform contracts at costs consistent with estimated costs utilized in bidding for our projects, our ability to timely complete projects, variations in quarterly revenues and earnings resulting from the percentage of completion accounting method, our customers’ financial condition and risk of default, the possible termination of certain contracts included in our backlog at the option of customers, operating risks, including operability and adequacy of our equipment, competition for marine vessel contracts, our ability to retain and implement effective succession plans for key management personnel and to continue to attract and retain skilled

workers, changes in local, state and federal government regulations, the availability and cost of capital, geopolitical conflicts and tensions, risk of failure of any bank in which we deposit our funds, potential occurrence of a health crisis similar to or worse than the COVID-19 pandemic, and general industry and economic conditions, including the price of oil and gas. Certain of these risks and assumptions, and other risks and assumptions are discussed in more detail in this Annual Report, included under the heading “*Business Overview-Risk Factors.*” Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. We do not intend to update these forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct.

## REPORT TO OUR SHAREHOLDERS

For the year 2025, we recognized total revenue of \$327.5 million, net income of \$19.9 million, income per diluted share of \$3.96, and EBITDA (earnings before interest, taxes, depreciation and amortization) of \$30.5 million, compared to 2024, when we recognized total revenue of \$303.4 million, net income of \$11.2 million, income per diluted share of \$2.24, and EBITDA of \$22.9 million. For additional information about our financial condition and results of operations, please refer to “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in this Annual Report.

Our financial results during 2025 and 2024, and backlog at the end of 2025 and 2024, strengthened our financial condition, improved our bonding capacity and enabled us in the first quarter of 2025 to extend our revolving credit facility maturity to May 31, 2026. Gross profit in our vessel construction segment further improved in 2025, primarily related to more profitable jobs, lower losses on jobs and higher overall volume.

During 2025, we were awarded new contracts totaling approximately \$206.6 million. As of December 31, 2025 our backlog was \$213.9 million, compared to \$293.8 million at December 31, 2024. During 2025, we worked with 76 different customers engaged in a wide range of business activities including the towing, transportation, dredging, construction, and bunkering industries, and the oil and gas industry in the Gulf of America (the “energy” sector). We also worked with federal, state, and local government agencies, including the U.S. Army Corps of Engineers, U.S. Navy, The Trust for Governors Island, Puerto Rico Maritime Transit Authority and Puerto Rico Integrated Transportation Authority. We continued work on our original eight-barge yard, repair, berthing and messing (“YRBM”) program with the U.S. Navy and in March 2025 and June 2025, respectively, we were awarded a fixed-price modification to our previously awarded contract for the design and construction of a ninth and tenth YRBM barge. In December 2025, we received a settlement agreement for modification to the existing YRBM contract for the award of an eleventh YRBM barge. We delivered 41 vessel construction projects, which consisted of ten spud barges, nine 30,000 bbl tank barges, eight deck barges, three YRBM barges, two crane barges, two ferries, two sponson barges, one anchor barge, one 6,500-cubic-yard-capacity trailing suction hopper dredge, one drydock, one LPG barge and one towboat.

By segment, 92.1% of our total 2025 revenue was generated by vessel construction, and 7.9% was generated by repair and conversion compared to 92.4% and 7.6% for 2024, respectively. The vast majority of 2025 revenue, 59.9%, was derived from commercial customers operating outside of the energy sector, 2.1% was related to energy sector contracts, and 38.0% was government related, compared to 64.5%, 1.1% and 34.4%, respectively, during 2024.

Our backlog as of December 31, 2025, consisted of 36 vessels: nine spud barges, seven YRBM barges, four deck barges, four ferries, three LPG barges, two crane barges, two ice class tugs, one landing barge, one patrol vessel, one towboat, and two drydock modules, as well as two projects with multiple structural building foundations. At December 31, 2025, 13.4% of our vessel construction backlog was from contracts with commercial customers, 6.9% from the energy sector and 79.7% was from government contracts.

Although we face substantial uncertainties in our markets, we believe we enjoy many competitive advantages, including our shipyard capacity, our investments in improving our shipyards’ capabilities and efficiencies, our experienced management and engineering teams and our many devoted employees. We also believe that we benefit from a reputation for producing quality products and for workplace safety, as evidenced by being awarded the 2025 Western Dredging Association (WEDA) Safety Excellence Award, the 2023 and 2024 American Equity Underwriters, Inc. (AEU) Excellence in Safety Award and both 2023 and 2024 Shipbuilders Council of America (SCA) “Excellence in Safety” awards and the 2023 “Improvement in Safety” award.

During 2025, we encountered new steel tariffs, rising steel prices, and heightened uncertainty surrounding inflation, U.S. trade policy, and foreign policy. During the first quarter of 2026, we continued to encounter ongoing steel tariffs and evolving trade enforcement measures, volatility and upward pressure on steel pricing, and continued uncertain inflation outlook and shifting U.S. trade policy and foreign policy due to, among other things, geopolitical conflicts and tensions. Despite these and other uncertainties, we are cautiously optimistic about our business. During 2025, we saw continued improvements in our core markets. We were able to strengthen our financial position and continued to improve our processes and efficiencies, including in production, engineering and recruiting skilled labor. We believe our existing and potential customers continue to understand and appreciate our commitment to Safety, Quality,

Craftsmanship, Integrity and Service. We look forward to working with our valued customers, colleagues and suppliers to make 2026 another successful year.

Yours truly,

<i>/s/ John P. Conrad, Jr.</i>	<i>/s/ Cecil A. Hernandez</i>	<i>/s/ Scott A. Thomas</i>
John P. Conrad, Jr.	Cecil A. Hernandez	Scott A. Thomas
Executive Chairman of the Board	President and Chief Executive Officer and member of the Board	Senior Vice President, Chief Financial Officer, Treasurer and Secretary

### **An Important Note About This Report**

Conrad Industries, Inc. is not subject to the reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Act”). Accordingly, this Annual Report is not filed with the U.S. Securities and Exchange Commission (“SEC”), is not available on the SEC’s EDGAR system, and does not purport to meet the requirements for companies that are subject to the Act’s reporting requirements. The Company does intend in this Annual Report and other reports to provide current financial information in accordance with U.S. GAAP and other information of material interest to investors. Information in this Annual Report has not been reviewed or audited by our independent certified public accountants, except for the audited financial statements included in Section III.

This Annual Report and our other periodic reports to shareholders are available at [www.otcmarkets.com](http://www.otcmarkets.com) and on the Company’s website at [www.conradindustries.com/about/investor-information/](http://www.conradindustries.com/about/investor-information/). Interested persons may also request copies directly from the Company; please direct requests and inquiries to Chief Financial Officer, Conrad Industries Inc., P. O. Box 790, Morgan City, LA, 70381, telephone (985) 702-0195.

## ***Business Overview***

### **General**

We specialize in the construction, conversion and repair of a wide variety of steel marine vessels for commercial and governmental customers. These vessels include large and small deck barges, crane barges, spud barges, docking barges, tank barges, berthing barges, flood gates, split-hull dump scows, dredges, drydocks, inland and offshore tug boats, tow boats, multi-purpose tug boats, LPG barges, LNG bunker vessels, lift boats, ferries, anchor barges, and other offshore support vessels. We operate five shipyards: one in Morgan City, Louisiana; three in Amelia, Louisiana; and one in Orange, Texas. Our Company was founded in 1948 and commenced operations at our shipyard in Morgan City. From 1996 through 2003, we acquired and expanded our Conrad Amelia yard, our Conrad Orange yard and our second yard in Amelia, Conrad Deepwater. In 2012 we purchased 50 acres of property adjacent to our Conrad Deepwater yard and built our Conrad Deepwater South yard, which delivered its first vessel in the first quarter of 2014. We have continued to construct significant improvements at our Conrad Deepwater South yard, including a panel line building with an automated welding system which was completed during the third quarter of 2016. During 2024, we made improvements to our Conrad Amelia yard, including additional shore power, foul weather dolphin pilings and a new office trailer, mainly to support our contract with the U.S. Navy. During 2025, we made improvements to our Conrad Amelia yard, which included an additional building to house U.S. Navy personnel, increased the size of our launch barge which affords us the ability to launch larger vessels from that platform, and constructed two additional erection sites at our Deepwater South yard. During the past 10 years, we have made an aggregate of approximately \$28.6 million in capital expenditures to add capacity and improve the efficiency of our shipyards.

Our business has two segments: (1) vessel construction and (2) repair and conversions. Our vessel construction segment accounted for 92.1%, 92.4% and 86.4% of our total revenue for 2025, 2024 and 2023, respectively. Much of our vessel construction is performed indoors, which we consider to be a significant strategic advantage. Our repair and conversion segment accounted for 7.9%, 7.6% and 13.6% of our total revenue for 2025, 2024 and 2023, respectively. We repair a wide variety of marine vessels. Our conversion projects are included in our repair segment and primarily consist of lengthening the midbodies of vessels, modifying vessels to permit their use for a different type of activity and other modifications to increase the capacity or functionality of a vessel.

We serve a variety of customers and markets, including the Gulf of America oil and gas industry (“energy”), other commercial markets, and various local, state and federal government agencies. In 2025, 2.1% of total revenue was related to the energy industry, 59.9% was other commercial and 38.0% was government related. We believe that our ability to provide products and services to a variety of customers and to respond to demand for new types of vessels is a competitive strength. The demand for our products and services is dependent upon a number of factors, including the economic condition of our customers and markets, the age and state of repair of the vessels operated by our customers, and the relative cost to construct a new vessel as compared with repairing an older vessel. To remain competitive, we must also be able to respond to changing customer demands for new types of vessels. Refer to *“Management’s Discussion and Analysis of Financial Condition and Results of Operations - Overview”* in this Annual Report for additional discussion.

A significant portion of our historical revenues has been derived from customers in the energy industry. When there has been a decline in vessel construction opportunities in the energy industry, we have been successful in securing work from government sources and other commercial customers. In 2012 and 2013, we saw increases in the commercial market and some increases in the energy market; however, there was a decrease in the government market. The increase in commercial customer demand in 2012 was driven largely by customers acquiring inland tank barges to transport petroleum products resulting from the use of horizontal drilling in conjunction with hydraulic fracturing, which has expanded the ability of producers to recover natural gas and oil from low-permeability geologic plays, particularly shale plays. Since 2015, we experienced a decline in demand for these types of inland tank barges, and a softer energy-related repair market, due to volatile oil prices. Other commercial contracts accounted for approximately 13.4%, 51.4% and 45.5% of our backlog at December 31, 2025, 2024 and 2023, respectively. Government contracts accounted for approximately 79.7%, 48.6% and 54.5% of our backlog at December 31, 2025, 2024 and 2023, respectively. Energy contracts accounted for approximately 6.9% at December 31, 2025. We had no energy contracts in our backlog at December 31, 2024 and 2023. The increase in government contracts is mainly related to the YRBM project. Other commercial markets include barges and motorized vessels used in a variety of commercial markets that

are not related to the energy industry, including the marine construction industry, the petrochemical industry, the commodity grain industry and the ocean shipping industry. Many of these industries utilize barges and motorized vessels to transport products through inland waterways as well as offshore coastal waters and ocean waters. We also construct vessels for the dredging industry, which involves the enhancement or maintenance of the navigability of waterways and the stability of shorelines by removing or replenishing soil, sand or rock. We are currently constructing ferries to transport passengers and cargo for both inland and coastal waters, and completed construction of a low emissions hybrid-electric ferry delivered in June 2025.

In September 2025, we entered into an agreement with Blue Water Autonomy relating to the production of autonomous ships and are negotiating a contract to build a prototype vessel. In early October 2025, we signed a \$45.8 million firm-fixed-price contract with the U.S. Army Corps of Engineers for a new barge and the integration of an existing government furnished crane, with an estimated completion date of March 25, 2028.

During 2025, we added \$206.6 million of backlog, which consists of government, commercial and energy contracts. Our backlog was \$213.9 million at December 31, 2025 as compared to \$293.8 million at December 31, 2024. During 2024, we added \$298.8 million to our backlog, which consisted of government and commercial contracts.

For 2025, 2024 and 2023, we received approximately 2.1%, 1.1% and 2.7%, respectively, of our total revenues from customers in the energy industry, 38.0%, 34.4% and 33.8%, from government customers and 59.9%, 64.5% and 63.5% from other commercial customers.

Because a large percentage of our repair work has historically been derived from the energy industry, conditions in that industry affect our repair and conversions segment. In 2013, we experienced our highest revenue in our repair and conversions segment in the history of the Company, and it exceeded our previous highest repair segment revenue in 2008 by \$7.4 million. We experienced lower repair gross profits in 2014 due to a significant loss on a large conversion job, and a decrease in demand and customer activity, which we believe was due to the decline in crude oil prices. In 2021 through 2025, the repair market continued to be adversely affected by volatile crude oil prices and depressed Gulf of America activity.

### *Internal Expansion*

Over the last 10 fiscal years, we have spent approximately \$28.6 million on capital expenditures. Major projects have included the purchase of property and building out of our Conrad Deepwater South shipyard, which has included constructing a panel line building equipped with automated welding systems, upgrading existing structures, purchasing equipment, building bulkheading and purchasing a 5,800 square foot modular office building to house our engineering department. Other projects included constructing an extension of our largest drydock and a new 12,400 square foot office building at Conrad Deepwater, and making improvements to our railway launch system at Conrad Orange. We have also invested in additional plant improvements, bulkheading, machinery and equipment.

### *History*

Our company was founded in 1948 by the late J. Parker Conrad (1915-2017), and began operations at our shipyard in Morgan City, Louisiana. In December 1997, we paid approximately \$22.8 million in cash (net of cash acquired) to purchase all of the stock of Orange Shipbuilding Company, Inc., which owns our shipyard in Orange, Texas. The acquisition expanded our vessel construction capacity and expanded our product capabilities. Orange Shipbuilding has been engaged in shipbuilding since 1974. On June 29, 2012, Orange Shipbuilding Company, Inc.'s name was changed to Conrad Orange Shipyard, Inc. In March 2017, another subsidiary, Conrad Aluminum, L.L.C.'s name was changed to Conrad Shipyard Amelia, L.L.C.

Conrad Industries, Inc., was incorporated in March 1998 to serve as the holding company for its wholly-owned subsidiaries, which currently include Conrad Shipyard, L.L.C., Conrad Orange Shipyard, Inc., Conrad Shipyard Amelia, L.L.C. and Conrad LNG, L.L.C.

Conrad Industries, Inc. completed its initial public offering in June 1998 by issuing 2.1 million shares of common stock. On March 30, 2005, Conrad Industries, Inc. voluntarily delisted its common stock from The Nasdaq Stock Market ("Nasdaq") and, simultaneously with delisting, filed a Form 15 with the SEC to voluntarily deregister its

common stock under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and to suspend its obligation to file reports under Section 15(d) of the Exchange Act. Conrad Industries, Inc. was eligible to deregister by filing a Form 15 because it had fewer than 300 holders of record of its common stock. At the time of filing the Form 15, Conrad Industries, Inc.'s obligation to file certain reports with the SEC, including Forms 10-K, 10-Q, and 8-K, immediately ceased.

## **Operations**

Our principal operations consist of the construction, repair and conversion of a wide variety of marine vessels for commercial and governmental customers.

### *Backlog*

Our backlog as of December 31, 2025, consisted of 36 vessels: nine spud barges, seven YRBM barges, four deck barges, four ferries, three LPG barges, two crane barges, two ice class tugs, one landing barge, one patrol vessel, one towboat, and two drydock modules as well as two projects with multiple structural building foundations. Our backlog (including remaining contract revenue for projects currently in progress) as of December 31, 2025 was approximately \$213.9 million compared to \$293.8 million as of December 31, 2024. As of December 31, 2025, approximately 48.8% of our backlog related to fixed-price contracts for one customer, most of which is related to the YRBM project for the U.S. Navy. The first YRBM barge was delivered in October 2024 and three additional barges were delivered in 2025. We expect to deliver three additional YRBM barges during 2026 and the eighth barge of the original YRBM contract thereafter. We expect to complete 82.4% of our backlog within the next 12 months. We anticipate that all of the aggregate remaining revenue from firm contracts as of December 31, 2025 will be realized during fiscal 2026, 2027 and 2028.

### *Construction of Vessels*

We construct a variety of small, medium, and large sized vessels for commercial, governmental, and energy customers. This activity accounted for 92.1%, 92.4% and 86.4% of our total revenue for 2025, 2024 and 2023, respectively. Much of our new vessel construction is done indoors in well-lit space specifically designed to accommodate construction of marine vessels up to 350 feet in length. As a result, marine vessel construction is not hampered by weather conditions, and we are able to utilize our workforce and equipment more effectively. Our development of the Conrad Deepwater South yard has enhanced our ability to build vessels up to 600 feet in length.

The following is a description of the main types of vessels we manufacture:

*Offshore and Inland Barges.* We build a variety of offshore barges, including container barges, double-skinned tank barges, pressurized tank barges, liquefied petroleum gas barges, and deck barges for commercial customers. Additionally, we have built YCs (yard carrier barges) and YONs (yard oiler Navy barges) for the U.S. Navy. We also build a variety of inland barges, including deck, spud, crane, anchor, hopper, LPG (liquefied petroleum gas), and double skinned tank barges up to 83,000 bbl capacity. We have constructed a variety of barges used in the offshore oil and gas industry, including shale barges, pipe laying barges, oil and gas drilling barges, and oil and gas production barges. Our barges are also used in marine construction and are used by operators to carry liquid cargoes such as petroleum and drilling fluids, dry bulk cargoes such as grain, aggregate, coal and wood products, deck cargoes such as machinery and equipment, and other large item cargoes such as containers, airplane components and rail cars. Other barges function as cement off-loaders and serve other specialized purposes. We have built barges ranging from 50 feet to 400 feet in length, with as many cargo tanks, decks and support systems as necessary for the intended functions of the barges. During March 2015, we entered into a contract to construct the first LNG (liquefied natural gas) bunker barge to be built for the marine market in North America and it was delivered in the third quarter of 2018. In addition, between March 2022 and February 2026 we were awarded contracts by the U.S. Navy to construct eleven YRBM barges which are used as temporary housing and workplace for U.S. service men and women whose vessels are in port for repairs and/or maintenance.

*Dredges and dredge support equipment.* We build different types of dredges and dredging equipment to support the dredging industry. Dredging includes the maintenance and improvement of the navigability of waterways or the protection of shorelines through the removal or replacement of soil, sand or rock. Dredging activities may be directed

towards port improvements, coastal restoration, and maintenance or deepening of lakes, rivers, canals and bayous, among other things. We have constructed two 6,500-cubic-yard-capacity trailing suction hopper dredges, a 500-cubic-yard split-hull hopper dredge, and three split-hull dump scows, which utilize hydraulic systems to open and close the barge's hull.

*Tug Boats/Push Boats/Tow Boats.* We build boats for towing and pushing, anchor handling, mooring and positioning, dredging assistance including multi-purpose vessels, tanker escort, port management, shipping, piloting, firefighting and salvage.

*Ferries.* We build ferries for state agencies and Puerto Rico that transport passengers and vehicles. In June 2022, we were awarded a contract by the Trust for Governors Island to construct a low emissions hybrid-electric passenger and vehicle ferry, which was delivered in June 2025. In August 2023, we were awarded a contract by the Puerto Rico Maritime Transit Authority for construction of four cargo and passenger ferry vessels. The ferries, designed to carry 300 passengers and 300 short tons of cargo, will operate between the Municipality of Ceiba and the Municipality Islands of Vieques and Culebra in Puerto Rico. The first cargo and passenger ferry vessel was delivered to San Juan, Puerto Rico in December 2025; the second was delivered in January 2026. The third vessel was delivered to San Juan, Puerto Rico in March 2026.

*Drydocks.* Drydocks are used to lift marine vessels from the water in order to facilitate the inspection and/or repair of the vessels' underwater areas. A drydock is composed of a floodable pontoon with wing walls and its designated capacity identifies the number of tons it is capable of safely lifting from the water. The drydock is submerged by opening valves to flood compartments; the vessel is then placed over the submerged deck of the drydock; and the vessel is lifted from the water by closing the valves and pumping the water out of the flooded compartments.

*Lift Boats.* Lift boats are used primarily to furnish a stable work platform for drilling rigs, to house personnel, equipment and supplies for such operations and to support construction and ongoing operation of offshore oil and gas production platforms. Lift boats are self-propelled, self-elevating and self-contained vessels that can efficiently assist offshore platform construction and well servicing tasks that traditionally have required the use of larger, more expensive mobile offshore drilling units or derrick barges. Lift boats have different water depth capacities and have legs, ranging from 65 to 250 feet, which are used to elevate the deck of the boat in order to perform required procedures on a platform at different heights above the water.

*Other Offshore Support Vessels.* In addition to lift boats and tug boats, we build other types of offshore support vessels that serve exploration and production facilities and support offshore construction and maintenance activities. These offshore support vessels include supply vessels, utility vessels and anchor handling vessels.

#### *Repair and Conversion Services*

Repair and conversion services accounted for 7.9%, 7.6% and 13.6% of our total revenue for 2025, 2024 and 2023, respectively. We have six drydocks and dockside space capable of accommodating vessels and barges up to 500 feet long. Our marine repair activities include shot blasting, painting, electrical system and piping repairs, propeller and shaft reconditioning and American Bureau of Shipping certified welding. Our conversion projects primarily consist of lengthening the midbodies of vessels, modifying vessels to permit their use for a different type of activity and other modifications to increase the capacity or functionality of a vessel. All U.S. Coast Guard inspected vessels and ABS classed vessels are required to undergo periodic inspections and surveys which require regular drydock examination. Non-U.S. flagged vessels are subject to similar regulations. The inspection of vessels generally results in repair work being required in order to pass inspection. In addition, vessel owners often elect to make other repairs or modifications to vessels while in drydock undergoing required repairs. While we are not aware of any proposals to reduce the frequency or scope of such inspections, any such reduction could adversely affect our results of operations.

Our repair and conversion business tends to be seasonal for our inland and offshore construction customers, with increased activity during the latter part of the fourth quarter and beginning of the first quarter which are the coldest months in the Gulf of America. During this time, vessel owners and operators tend to repair or modify their vessels as a result of or in anticipation of work during the warmer months in the Gulf of America. Repair activity for our dredging

and government customers is driven more by regulatory inspection dates which can occur at any time of year depending on when the vessel was placed in service.

### *Industrial Fabrication*

We are pursuing opportunities to provide fabrication support for industrial housing applications serving the oil and gas and technology markets. These activities include the fabrication of enclosures and structural components used in support of data centers and power generation facilities being developed in various regions of the United States. Recent growth in these end markets has increased demand for fabrication capacity, which has at times exceeded the capabilities of certain traditional suppliers.

During the period, we performed limited fabrication work supporting select industrial housing projects. Based on current market conditions and customer discussions, we believe this area represents a potential avenue for incremental fabrication activity; however, the timing, scope, and extent of future work will depend on market demand, customer requirements, and overall economic conditions.

### **Customers**

We service a wide variety of customers. Customers include marine service companies, dredging companies, offshore support companies, rig fabricators, offshore and inland barge and support vessel operators, offshore construction and drilling contractors, diving companies, energy companies, U.S. Army Corps of Engineers, U.S. Navy, Puerto Rico Integrated Transportation Authority and Puerto Rico Maritime Transit Authority, and various state and local governmental agencies, many of whom have been our customers on a recurring and long-term basis. We have also provided and continue to provide repair and conversion services to many of the major offshore support vessel companies and barge operators. Our principal customers may differ substantially on a year-to-year basis due to the size and limited number of vessel construction projects performed each year.

During 2025, we derived 15% of our revenue from one customer relating to construction of YRBM barges and 10% of our revenue from another customer relating to construction of ferries. The remaining 75% of revenue was attributable to 74 other customers.

During 2024, we derived 19% of our revenue from one customer relating to construction of trailing suction hopper dredges; 14% of our revenue from another customer relating to construction of YRBM barges; 10% of our revenue from another customer relating to construction of ferries; and 10% from another customer relating to construction of deck barges. The remaining 47% of revenue was attributable to 64 other customers.

During 2023, we derived 20% of our revenue from one customer relating to construction of YRBM barges; 16% of our revenue from another customer relating to construction of trailing suction hopper dredges, multi-purpose tugs, and various repair jobs; and 12% from another customer relating to construction of LPG barges. The remaining 52% of revenue was attributable to 74 other customers.

### **Contract Procedure, Structure and Pricing**

Our contracts for new commercial construction projects are generally obtained through a competitive bidding process. In addition, contracts for the construction and conversion of vessels for the U.S. government are generally subject to competitive bidding. We submit a large number of bids to commercial customers. However, because the bidding process for U.S. government contracts is significantly more detailed and costly, we tend to be more selective regarding the government projects on which we bid.

Most of the construction contracts we enter into, whether commercial or government, are fixed-price contracts under which we retain all cost savings on completed contracts but are liable for all cost overruns. Commercial contracts may have provisions that protect us to some extent from escalation in steel prices and currency exchange rate fluctuations, but typically do not protect us from escalation in other costs. Contracts may provide for liquidated damages for late delivery and bonuses for early delivery.

Contracts with the U.S. government and some commercial customers are subject to termination by the customer either for their convenience or upon our default. If the termination is for the customer's convenience, the contracts provide for payment upon termination for items delivered to and accepted by the customer, payment of our costs incurred through the termination date, and the costs of settling and paying claims by terminated subcontractors, other settlement expenses and a reasonable profit.

Although varying contract terms may be negotiated on a case-by-case basis, our commercial and government contracts ordinarily provide for a down payment, progress payments at specified stages of construction and a final payment upon delivery. Final payment under certain contracts may be subject to deductions if the vessel fails to meet certain performance specifications based on tests we conduct prior to delivery, although it has been very rare.

Under commercial contracts, we generally provide a six-month to twelve-month warranty with respect to workmanship and materials we furnish. In the majority of commercial contracts, with regard to equipment and materials purchased for installation in the vessels, we pass through the respective suppliers' warranties to the customer, but do not warrant such equipment and materials. Our government contracts typically contain warranties of one year covering both materials and workmanship. Historically, our expenses to fulfill such warranty obligations have not been material in the aggregate.

The work performed on vessels is subject to acceptance by the U.S. Coast Guard and, in some cases, by the American Bureau of Shipping or other classification societies. In addition, the work and the finished vessel are subject to acceptance by the customer based on the contract plans and specifications. If we fail to meet the regulatory or customer requirements, additional work could be required which could increase the cost of the job. We monitor our progress on our contracts, including whether we are meeting the regulatory and customer requirements, and take that into account when calculating our estimates at completion.

### **Bonding and Guarantee Requirements**

Although we generally meet financial criteria that exempt us from bonding and guarantee requirements for most contracts, certain contracts with federal, state or local governments and commercial customers may require bid and payment and performance bonds or letters of credit if requested by the customer. As of December 31, 2025, outstanding bonds and letters of credit amounted to \$172.5 million compared to \$156.9 million at December 31, 2024. In recent periods we have experienced challenges in obtaining sufficient bonding capacity for larger projects on terms that we desired. Our improved financial performance during 2024 and 2025 has improved our bonding capacity. However, there can be no assurance we will continue to be successful in obtaining bonds or letters of credit in the amounts, at terms and at times we desire. In addition, the cost of obtaining such bonds, letters of credit and similar obligations has increased and may continue to increase.

### **Engineering**

Where required, our in-house team of multi-disciplined engineering professionals is capable of performing advanced analysis to support concept design, regulatory approval and the completion of a fully developed functional design. Our production design is completed utilizing computer aided design (CAD) and 3D product modeling software. When our engineering needs exceed our in-house capabilities, we outsource to third party engineering firms. We also build vessels based on our customers' design, drawings and specifications. We have designed and built numerous barges, tow boats, tug boats and other vessels. This library of projects allows us to respond quickly to customers' needs. We have expanded our in-house engineering department in recent years. We believe our engineering department provides us a competitive advantage.

### **Materials and Supplies**

The principal materials we use are standard steel shapes, steel plate and paint. Other materials used in large quantities include aluminum, steel pipe, electrical cable and fittings. We also purchase component parts such as propulsion systems, hydraulic systems, generators, auxiliary machinery and electronic equipment. Additionally, we purchase the tanks used in our LPG (liquefied petroleum gas) barges from third parties. All these materials and parts are currently available in adequate supply from domestic and foreign sources. All of our shipyards obtain materials and supplies by truck or rail.

Our business can be, and has been, materially impacted by steel prices. Beginning in late 2020 and throughout 2021, steel prices increased sharply. While steel prices began to stabilize in the beginning of 2022, the Russian invasion of Ukraine beginning on February 24, 2022 drove steel prices higher, ultimately peaking in June and July of 2022. Steel prices generally declined after that peak, although they have increased since January 2025 in part due to U.S. tariff and trade policy and remain significantly higher than pre-pandemic levels.

On March 12, 2025, the United States implemented a 25% tariff on most imported steel products, and subsequent trade actions have modified the scope and application of certain steel-related duties. We procure a portion of our steel from domestic and foreign suppliers, and changes in tariff policy or trade enforcement may affect the cost and availability of steel. Increases in steel prices, whether due to tariffs, market conditions, or other factors, could increase our material costs. To the extent we are unable to pass through such cost increases to customers, our margins could be adversely affected. In addition, changes in trade policy or the imposition of additional tariffs or restrictions may disrupt our supply chain or impact demand for our vessels. Because U.S. trade policy has been subject to change, future steel pricing and availability remain uncertain.

### **Vessel Construction Process**

Once a contract has been awarded to us, a project manager is assigned to supervise all aspects of the project, from the date the contract is signed through delivery of the vessel. The project manager's focus is to ensure that the contract and specifications are in agreement with what is expected and required by the customer. The project manager works with the engineering liaison to coordinate the timely completion of all required engineering drawings and documents. Additionally, the project manager coordinates with the planning and scheduling lead to validate the project schedule and related supporting planning documents. The project manager also oversees the purchasing of all supplies and equipment needed to construct the vessel, as well as the actual construction of the vessel.

We construct each vessel from raw materials, which are fabricated by shipyard workers within our facilities into the necessary shapes to construct the hull and vessel superstructure. We purchase component parts, such as propulsion systems, hydraulic systems and generators, auxiliary machinery and electronic equipment, separately and install them or have them installed in the vessel. Additionally, we purchase the tanks used in our LPG barges separately from third parties. We use job scheduling and costing systems to track progress of the construction of the vessel, allowing ourselves and the customer to remain apprised of the status of the vessel during construction.

With the assistance of computers, we design and loft material for the NC ("Numerical Control") cutting table where all steel parts are cut to size and shape. All construction drawings and bills of materials are prepared for each module to be fabricated. Modules are built separately, and penetrations for piping, electrical and ventilation systems for each module are positioned and cut during the NC plasma cutting operation. Piping, raceways and ducting are also installed prior to the final assembly of modules. After the modules are assembled to form the vessel, piping, electrical, ventilation and other systems, as well as machinery, are installed prior to launching, testing and final outfitting and delivery of the vessel.

### **Competition**

In the government and commercial markets, we compete with shipbuilders that build small to medium-sized vessels. We compete with four to six U.S. shipbuilders for U.S. government contracts. Larger shipbuilders are sometimes competitors in that same market. We compete for domestic commercial shipbuilding contracts principally with approximately 10 to 15 U.S. shipyards. The number and identity of our competitors on particular projects vary greatly depending on the type of vessel and size of the project, but we generally compete with only three or four companies with respect to a particular project. We compete with approximately 10 shipyards in our repair and conversion business. Competition is based primarily on price, available capacity, service, quality, and geographic proximity.

### **Employees**

At December 31, 2025 we had 427 employees of which 172 were salaried and 255 were hourly. At December 31, 2024 we had 396 employees of which 157 were salaried and 239 were hourly. At December 31, 2023 we had 360 employees of which 149 were salaried and 211 were hourly. In addition, we use subcontract laborers to fill openings

that are short-term in nature or when we cannot find people to hire. These totaled 527, 620 and 460 at December 31, 2025, 2024 and 2023, respectively. We are not a party to any collective bargaining agreements.

## **Insurance**

We maintain insurance against property damage caused by fire, flood, explosion and similar catastrophic events that may result in physical damage or destruction to our facilities and equipment. We also maintain commercial general liability insurance, including builders' risk coverage, employment practices, professional (design), and directors' and officers' liability. We currently maintain excess and umbrella policies. Other coverages currently in place include workers' compensation, water pollution, automobile, and hull and protection and indemnity for marine equipment. All policies are subject to deductibles and other coverage limitations. The insurance currently excludes acts of terrorism. We generally do not have business interruption insurance.

## **Regulation**

### *Environmental Regulation*

We are subject to extensive and changing federal, state and local laws (including common law) and regulations designed to protect the environment, including laws and regulations that relate to air and water quality, impose limitations on the discharge of pollutants into the environment and establish standards for the treatment, storage and disposal of toxic and hazardous wastes ("Environmental Laws"). Because industrial operations have been conducted at some of our properties by previous owners and operators and by us for many years, various materials from these operations might have been disposed of at such properties. This could result in obligations under Environmental Laws, such as requirements to remediate environmental impacts.

Although no assurances can be given, we believe that our operations are in compliance in all material respects with all Environmental Laws. However, stricter interpretations and enforcement of Environmental Laws and compliance with potentially more stringent future Environmental Laws could materially and adversely affect our operations.

### *Health and Safety Matters*

Our facilities and operations are governed by laws and regulations, including the federal Occupational Safety and Health Act, relating to worker health and workplace safety. We believe that appropriate precautions are taken to protect employees and others from workplace injuries and harmful exposure to materials handled and managed at our facilities. While we do not anticipate that we will be required in the near future to expend material additional amounts by reason of such health and safety laws and regulations, we are unable to predict the ultimate cost of compliance with these changing regulations.

### *Jones Act*

Under applicable U.S. law commonly known as the Jones Act (see 46 U.S.C. §55101 et seq.), vessels transporting merchandise between U.S. coastwise points must be constructed in U.S. shipyards, owned and crewed by U.S. citizens, and registered/flagged under U.S. law. Similar laws impose substantially identical requirements for vessels transporting passengers between U.S. ports/points, towing vessels engaged in towage between U.S. ports/points, and dredge vessels engaged in dredging operations in United States navigable waters. These requirements effectively limit foreign competition with respect to construction and operation of vessels built for the U.S. coastwise trade and domestic passenger, towage and dredging services, and support demand for construction, conversion or refitment, repair, and modification services at U.S. shipyards.

Many customers elect to have vessels constructed and serviced at U.S. shipyards, even if such vessels are intended for international service, in order to preserve the flexibility to operate in the U.S. coastwise trade or other domestic operations in the future. As a result, demand for our shipbuilding and repair services is influenced in part by the continued enforcement and stability of the Jones Act and similar laws.

From time to time, legislative proposals are introduced, and policy initiatives are advanced, that seek to modify, reform, or limit the application of the Jones Act or cabotage laws, including through expanded waiver authority, changes in enforcement practices, or exemptions for certain vessel classes, vessel service profiles, or geographic regions. In addition, the U.S. government has historically issued temporary Jones Act waivers in limited circumstances in the interest of national defense, such as in response to national security needs or natural disasters.

Any material weakening of the Jones Act, including through legislative amendment, regulatory interpretation, expanded waiver practices, or shifts in enforcement policy, could reduce demand for U.S.-built vessels and adversely affect our backlog, revenues, and results of operations. While the Company currently believes the Jones Act remains a foundational element of U.S. maritime policy, future changes remain subject to political, economic, and national security considerations beyond the Company's control.

## **Risk Factors**

Our business, prospects, financial condition, operating results, cash flows, liquidity and stock price may be affected materially and adversely, in whole or in part, by a number of risks, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition, operating results, cash flows and liquidity to vary materially from historical results or those anticipated, projected or assumed in our forward-looking statements. Some of these risks have adversely impacted our business in the past, as discussed further in "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") and may adversely impact our business in the future. Further, new risks emerge from time to time. In addition, our business, prospects, financial condition, operating results, cash flows, liquidity and stock price could be affected by additional factors that apply to all companies generally which are not specifically mentioned below.

### *Risks Related to our Business*

*We have incurred and could in the future incur losses under our fixed-price contracts as a result of cost overruns or delays in delivery, particularly on types of vessels we have not constructed in the past.*

Most of our contracts for marine vessel construction, including government contracts, are fixed-price contracts. Under fixed-price contracts, we retain all cost savings on completed contracts but are liable for the full amount of all cost overruns. We attempt to anticipate increases in costs of labor and materials in our bids on fixed-price contracts. However, the costs and gross profits realized on a fixed-price contract may vary from our estimates due to factors such as:

- unanticipated variations in labor and equipment productivity over the term of a contract;
- unanticipated increases in costs of materials, labor and indirect expenses; and
- errors in estimates and bidding.

Depending on the size of the project, variations from estimated contract performance could significantly reduce our earnings, and could result in losses, during any fiscal quarter or year. Many of our fixed-price contracts contain steel price escalation provisions; however, these provisions may not protect us from all increases in steel prices during the contract term and not all of our contracts have these provisions. In addition, some of our fixed-price contracts provide for incentive payments for early delivery and liquidated damages for late delivery. If we miss a specified delivery deadline under one of those contracts, we may be subject to liquidated damages.

From time to time, we bid on fixed-price contracts to construct vessels that we have not constructed in the past. The risks of cost overruns or delays in delivery on those contracts are greater than for contracts for vessels that we have built in the past. When we enter into contracts for vessels we have not constructed in the past, we generally believe we have sufficient relevant experience to perform profitably; however, we are willing to risk losses in order to gain experience and entry into markets for new products.

*Estimates we make in applying percentage-of-completion accounting have in the past and could in the future result in a reduction of previously reported profits and have a significant impact on our operating results.*

We use the percentage-of-completion method to account for our construction contracts in process. Under this method, revenue and expenses are based on the percentage of labor hours incurred as compared to estimated total labor hours for each contract. As a result, the timing of recognition of revenue and expenses we report may differ materially from the timing of actual contract payments received and expenses paid. We make provisions for estimated losses on uncompleted contracts in the period in which the losses are determined. To the extent that those provisions result in a reduction of previously reported profits on a project, we must recognize a charge against current earnings. These charges may significantly reduce our earnings, depending on the size of the contract and the adjustment. In addition, because many of these contracts are completed over a period of many months, the timing of the recognition of related revenue and expense could have a significant impact on our operating results.

*Inflation and interest rates have and may continue to adversely impact our business.*

High inflation and interest rates, due in part to supply shortages and other uncertainties due to global pandemics, geopolitical conflicts and uncertainties resulting in, among other things, high fuel prices, changes in trade policies, including tariffs, and other macroeconomic conditions, have adversely impacted our business and may continue to do so in the future. For example, inflation increased rapidly during 2021 through June 2022. After June 2022, the rate of inflation generally declined; however, it increased in the later part of 2024 and has remained higher than the Federal Reserve's target rate of inflation of two percent. Rapidly rising inflation has caused, and may in the future cause, us to incur losses on fixed-price contracts entered into prior to the rise in inflation. High inflation has caused, and may in the future cause, increases in our labor and overhead costs.

The Federal Reserve raised the federal funds target rate multiple times from March 2022 through July 2023. While there have been some recent rate cuts bringing the benchmark federal funds rate down to a range of 3.50% to 3.75%, the rates still remain higher than pre-pandemic levels. High interest rates generally increase our borrowing costs.

High inflation and interest rates have caused and may continue to cause our customers to delay entering into vessel construction contracts, due to financing constraints and return on investment fears, and use our repair services less frequently or to default on their obligations to us.

*Steel prices are volatile and any increase in steel prices, including due to tariffs, could adversely affect our result of operation and financial condition.*

Steel is one of the primary materials we use in the operation of our business. The price of steel is volatile and has increased substantially since late 2020, peaking in June and July of 2022. Steel prices have generally declined since then but remain significantly higher than pre-pandemic levels. Steel prices began rising again in January 2025. On March 12, 2025, the United States imposed 25% tariffs on imports of steel from all foreign countries. Steel tariffs tend to increase the prices we pay for steel. The current U.S. presidential administration has shifted its position on tariffs and trade restrictions a number of times, including those related to steel. Accordingly, much uncertainty remains regarding future steel tariffs and prices. High steel prices have adversely affected our profits and may continue to do so, and we believe increased tariffs on steel and high steel prices have caused, and may continue to cause, potential customers to delay vessel construction projects. For additional information, see "Business Overview – Materials and Supplies" and MD&A. Some of our commercial contracts do not have provisions that protect us from escalation in steel prices. In addition, our commercial contracts typically do not protect us from escalation in other costs. We attempt to anticipate increases in costs of labor and materials in our bids on fixed-price contracts. However, the costs and gross profits realized on a fixed-price contract may vary from our estimates due to various factors. For additional information regarding the risks associated with our fixed-price contracts, see the risk factor above titled "*We have incurred and could in the future incur losses under our fixed-price contracts as a result of cost overruns or delays in delivery, particularly on types of vessels we have not constructed in the past.*"

*Changes in tariffs, trade policies and other restrictions on imported materials used in our business could increase our costs and adversely affect our business.*

The Company is subject to uncertainty arising from changes in U.S. and international trade policies, including tariffs, duties and other trade restrictions. The Company sources a portion of its raw materials, including steel and other materials used in vessel construction and repair, directly or indirectly from outside the U.S. In recent years, the U.S. government has imposed new or increased tariffs and trade restrictions on certain imported materials, including steel,

which increased our costs for those items or for products manufactured using those materials. Additional tariffs, retaliatory actions or changes in trade policies could further increase material costs, limit availability, reduce customer demand, harm our competitive position and adversely affect our profitability, financial condition and results of operations.

*A decline in general economic conditions or deterioration in the financial condition of a particular customer or that customer's industry can increase our customer credit risk, which may adversely affect our profits.*

Although varying contract terms may be negotiated on a case-by-case basis, our commercial and government construction contracts ordinarily provide for a down payment, with progress payments at specified stages of construction and a final payment upon delivery. Conversely, repair and conversion customers are typically billed upon completion of the work performed. A decline in the economy, in our customers' industries or in the financial condition of a particular customer can adversely affect some of our customers' ability to pay. If we are unable to collect any accounts receivable in the amount we have estimated to be collectible, we must recognize a charge to earnings that is in effect a reversal of previously recorded profits.

*The loss of a significant customer could result in a substantial loss of revenue.*

A relatively small number of customers have historically generated a large portion of our revenue, although not necessarily the same customers from year to year. For the years ended December 31, 2025, 2024 and 2023, our ten largest customers collectively accounted for 78.7%, 80.4%, and 79.1% of our revenues, respectively. The loss of a significant customer could result in a substantial loss of revenue and significantly reduce our earnings. See "Business Overview – Customers."

*From time to time, we may not be able to hire and retain sufficient numbers of skilled shipyard workers. Any labor shortage may increase our cost of labor, limit our production capacity and materially decrease our earnings.*

Shipyards along the Gulf Coast have experienced shortages of skilled labor from time to time as a result of low unemployment in the economy in general and/or increased demand for skilled labor in the offshore oil and gas, petrochemical, and related industries in particular. We have in the past experienced, and may in the future experience, trouble finding and retaining skilled labor. In February 2022 and February 2024, we increased our hourly rates substantially in order to retain and attract skilled workers. We continue to evaluate hourly rates for our skilled labor to ensure we are able to continue to retain and recruit talent. Labor shortages increase our cost of labor, could limit our production capacity, and materially decrease our earnings.

*We are performing and may continue to perform a significant amount of our work under U.S. and other government contracts. Reductions in government spending on the types of products and services we offer or our inability to secure new government contracts could have a substantial negative impact on our revenues and profits.*

Government contracts accounted for approximately 79.7%, 48.6% and 54.5% of our backlog at December 31, 2025, 2024 and 2023, respectively. We have built vessels for the U.S. Army Corps of Engineers, U.S. Navy, Puerto Rico Integrated Transportation Authority and Puerto Rico Maritime Transit Authority. We have also built vessels and performed conversion or repair services for various state and local governmental agencies, either directly or as a subcontractor, including the low emissions hybrid-electric passenger and vehicle ferry constructed for the Trust for Governors Island. Our backlog at December 31, 2025 included 19 government projects with the largest amount attributable to the YRBM project. For additional information regarding the YRBM contract awarded to us by the U.S. Navy, see MD&A in this Annual Report. Revenue derived from all government customers accounted for approximately 38.0%, 34.4% and 33.8% of our total revenue in 2025, 2024 and 2023, respectively. Revenue derived from U.S. government customers accounted for approximately 20.8%, 21.8% and 23.8% of our total revenue in 2025, 2024 and 2023, respectively. Government contracts are generally subject to strict competitive bidding requirements.

In addition, the number of vessels that are purchased by governments varies with their budgets and the appropriation of government funds. We cannot predict whether we will be able to secure new government contracts.

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

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

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

*Because a significant portion of our revenues have historically come from customers in the energy industry, particularly in our repair segment, decreases in offshore oil and gas activities tend to reduce demand for our products and services and negatively impact our revenues and profits. The level of offshore oil and gas activities can be affected by prevailing oil and gas prices, which historically have fluctuated significantly.*

The energy industry can be affected by prevailing oil and gas prices, which historically have fluctuated significantly. Low oil or gas prices or a decline in demand for oil or gas can depress offshore exploration, development and production activity and result in decreased spending by our energy industry customers. This can result in a decline in the demand for our products and services and can have a substantial negative effect on our revenues and profits. Declines in offshore oil and gas exploration, development and production activity in the Gulf of America can also result in excess capacity at other shipyard companies, which can lead to increased competition and pricing pressure.

*Measures we may take to respond to a slowdown in vessel construction or repair projects due to a deterioration in general economic conditions or in our customers' industries may not be sufficient to prevent a decline in earnings.*

Reductions in activities in our business may cause us to reevaluate our operations. We may respond to these conditions by reducing our prices and anticipated profit margins in order to attempt to maintain activity levels in our yards and thereby maintain our workforce. Price and profit margin reductions may lead to decreased profitability, particularly over the short term. In addition, we may respond by beginning construction of historically marketable vessels before obtaining a customer contract in order to preserve our workforce. We may also respond by cutting costs, including reducing or discontinuing operations at one or more of our shipyards and/or through employee attrition or layoffs. Decreases in costs may not be adequate to offset losses in revenues, particularly over the short term. We may also seek new customers or different types of projects, which may increase our marketing and other costs. These measures, among others we may take, may not be sufficient to prevent a decline in our earnings.

Further, entry into, or further development of, new lines of business may expose us to risks that are different from those we have experienced historically. We may not be able to effectively manage these additional risks or implement successful business strategies and our cash flows derived from any new lines of business may not be consistent with our expectations or be insufficient to fully recover our investment. Additionally, our competitors in these expanded lines of business may possess greater operational knowledge, resources and experience than we do. These

diversification initiatives may not increase shareholder value and could result in a reduction in shareholder value depending upon our required capital investment and success.

*We may need additional capital for future capital expenditures or strategic opportunities that may not be able to be funded from current working capital.*

We may need additional capital in the future for working capital, capital expenditures, contract commitments and obligations, and/or strategic opportunities, and we may not be able to obtain or raise such capital (whether debt or equity) or do so on favorable terms, which would impair our ability to operate our business or execute our strategy.

*We may not be able to obtain letters of credit or surety bonds if and when needed on favorable terms, if at all.*

Certain of our projects require that we issue letters of credit or surety bonds to our customers in order to secure advance payments or guarantee performance under our contracts. With respect to letters of credit, any advance in the event of non-performance under a contract would become a direct obligation and reduction in our cash. With respect to surety bonds, payments by the surety pursuant to a bond in the event of non-performance are subject to reimbursement to the surety by us under a general indemnity agreement. Such indemnification obligations may include the face amount of the surety bond, or portions thereof, as well as other reimbursable items such as interest and certain investigative expenses and legal fees of the surety. Such indemnification obligations would require us to use our cash, cash equivalents or short-term investments.

In recent years it has been difficult to obtain letters of credit and bonding capacity, and identify potential financing sources. We can provide no assurances that necessary letters of credit or bonding capacity will be available to support future project requirements or that we will have sufficient liquidity to satisfy any future indemnification obligations.

*Weak or uncertain global or domestic economic conditions can have an adverse impact on our business.*

Adverse global and domestic economic conditions may contribute to a reduction in demand for our products and services. Market uncertainties may cause customers to delay signing vessel construction contracts and reduce their use of repair services. geopolitical conflicts, concerns regarding continued high inflation, including fuel prices, and interest rates, and significant changes in U.S. foreign policy and trade policy have increased economic uncertainty.

*We construct stock vessels from time to time to fill gaps in our construction schedules or for strategic business and marketing reasons. Inability to sell stock vessels at prices above our cost could have a material adverse impact on our profitability.*

From time to time we have experienced gaps in our construction schedules and have begun construction on projects that were not under contract and that we believed we could convert to contracts in a relatively short period of time within starting construction or within completion of the project. The primary goal of this strategy is to maintain operational efficiencies and revenue volume between contracted projects. We have also constructed stock vessels for strategic business, skilled labor and marketing reasons. The ultimate selling price and timing of the sales of stock vessels can have an impact on our revenue, profitability, and working capital. At December 31, 2025, we had two stock vessels under construction. On March 12, 2026, we entered into a contract to sell both stock vessels. At December 31, 2024 and December 2023, we did not have any stock vessels under construction.

*Our vessel construction and repair businesses have high fixed costs, which can adversely affect our margins and profits.*

Our vessel construction and repair businesses have high fixed costs, including the depreciation of facilities and floating drydocks. As a result, our margins and profits are adversely affected when the volume of our work declines.

*If our customers terminate projects, our reported backlog could decrease, which could substantially reduce our revenues and earnings.*

Our backlog is based on unearned revenue attributable to projects for which a customer has authorized us to begin work or purchase materials. Our contracts with commercial customers generally do not permit the customer to

terminate the contract but our government contracts are often subject to termination by the customer. In the case of a termination, the government is generally required to pay us for work performed and materials purchased through the date of termination and, in some cases, pay us termination fees. Changes to or terminations of government contracts could substantially change the amount of backlog currently reported and could substantially decrease our revenue and earnings. Our backlog of \$213.9 million at December 31, 2025 was attributable to 38 projects, of which 79.7% was attributable to 19 government projects.

*We are subject to the possibility of significant physical damage and business interruption caused by hurricanes, flooding and other man-made or natural disasters.*

Due to the proximity of our shipyards to the Gulf of America and locations along rivers in flood plains, our work in progress and facilities are subject to the possibility of significant physical damage and business interruption caused by hurricanes, flooding and other man-made or natural disasters. Although we maintain insurance protection that we consider economically prudent, there can be no assurance that such insurance will be sufficient in coverage or effective under all circumstances or against all hazards to which we may be subject. If we sustain major damage that is not covered by insurance, it could have a material adverse effect on the Company.

For example, we experienced disruptions in our operations at our Orange, Texas yard in the third quarter of 2017 due to rising water levels and heavy rainfall from Hurricane Harvey. In 2019 we experienced disruptions in our operations and additional flood prevention costs due to high water levels in the Atchafalaya River at our Morgan City, Louisiana yard.

The 2020 Atlantic hurricane season was the most active on record and adversely impacted our operations during the third quarter of 2020 as we closed yards in Louisiana for several days, closed our yard in Orange, Texas for a week, and lost additional time ramping up after the closures. For 2021, we were impacted by Hurricane Ida which resulted in yard shutdowns at our four Louisiana facilities for several days and disruptions to our workforce in the weeks following the storm. We did not experience any adverse hurricane related impacts for 2022, 2023 or 2025. For 2024, we were impacted by Hurricane Francine which resulted in yard shutdowns at our four Louisiana facilities for a few days and disruptions to our workforce in the weeks following the storm, but with no major damage. For 2025, we experienced record-breaking cold and historic snowfall due to Winter Storm Enzo, which resulted in road closures and yard shutdowns at our four Louisiana facilities and our yard in Orange, Texas for several days, but with no major damage. While none of these events had a material adverse impact on our financial results, we cannot assure you that similar events will not have a material adverse impact on our business and financial results in the future.

*Hazardous water conditions or insufficient water depths on waterways needed to access our shipyards may have a material adverse impact on our business.*

If hazardous water conditions develop, for example due to heavy rainfall or flooding, or water depths become low, for example due to low rainfall or insufficient dredging by government entities responsible for maintenance of ports and waterways, on waterways needed to access our shipyards, we could lose projects and customers and incur expenses or losses on existing projects, which may have a material adverse impact on our business. We have experienced lost projects and incurred expenses due to insufficient dredging in the Atchafalaya River and in the bayous adjacent to our shipyards.

*We rely on key personnel.*

We are dependent on the continuing efforts of our executive officers and key operating personnel. The loss of the services of any of these persons could result in inefficiencies in our operations, lost business opportunities and the loss of one or more customers. We generally do not have employment agreements with our employees, except that we have entered into employment agreements with executive officers in the past and may do so in the future. We do not carry key person life insurance.

*Our executive officers and directors, and members of the Conrad family or trusts established by them, own a significant amount of our outstanding common stock.*

Our executive officers and directors, and members of the Conrad family or trusts established by them, own a significant amount of our outstanding common stock. For additional information, see “*Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*” If they were to agree to act together, these holders could be able to exercise significant influence over our affairs, the election of our board of directors, and other matters submitted to a vote of our stockholders. The interests of these holders may differ from the interests of our other stockholders, and they may vote their shares in a manner adverse to our other stockholders.

*Our common stock has a low trading volume, and sales or the availability for sale of substantial amounts of our common stock in the over-the-counter market could adversely affect the market price of our common stock.*

Of the 5,017,935 shares of our common stock outstanding as of March 10, 2026, approximately 2.9 million shares are freely tradable. The remaining outstanding shares may be subject to restrictions on resale under the Securities Act of 1933, as amended.

In addition, our common stock has historically had a low trading volume and the average daily trading volume in our common stock for 2025 was 5,812 shares. It is not likely that a further increase in an active trading market in the Company’s common stock will develop in the future. Limited trading volume subjects the Company’s common stock to greater price volatility and may make it difficult for shareholders to sell their shares in a quantity or at a price that is attractive. Any significant sales of our common stock may cause volatility in our stock price. Further, the availability of a large block of stock for sale in relation to our normal trading volume can result in a decline in the market price of our common stock.

*We are not a public company.*

On March 30, 2005 we voluntarily delisted our common stock from Nasdaq and filed a Form 15 with the SEC to voluntarily deregister our common stock under the Exchange Act and to suspend our obligation to file reports under Section 15(d) of the Exchange Act.

We were eligible to deregister by filing a Form 15 because we had fewer than 300 holders of record of common stock. At the time of filing the Form 15, our obligation to file certain reports with the SEC, including Forms 10-K, 10-Q, and 8-K, immediately ceased.

On March 31, 2005 our common stock began trading in the over-the-counter market on the Pink Open Market. Effective July 1, 2025, our common stock began trading on the OTCID Basic Market operated by OTC Markets Group Inc. Quotes are available over the internet at [www.otcm Markets.com](http://www.otcm Markets.com) as well as through other services.

We cannot control whether trading in our common stock will continue on the OTC Markets’ Basic Reporting Market or elsewhere.

*Some provisions of our corporate documents and Delaware law may discourage a takeover.*

Our Amended and Restated Certificate of Incorporation (the “Charter”) and Delaware law could make it more difficult for a third party to acquire us, even if a change in control would be beneficial to our stockholders. Specifically, our Charter:

- authorizes the issuance of “blank check” preferred stock;
- divides our board into three classes, the members of which serve three-year terms;
- provides that directors may only be removed for cause and then only by the vote of the holders of a majority of our outstanding capital stock;
- establishes advance notice requirements for director nominations and stockholder proposals to be considered at annual meetings;
- prohibits stockholder action by written consent; and

- prohibits stockholders from calling special meetings of stockholders.

In addition, Delaware law restricts specified mergers and other business combinations between us and any holder of 15% or more of our common stock. Delaware law also permits the adoption of a shareholder rights plan without stockholder approval, and we have adopted a stockholders' rights plan. See Note 9 to our financial statements included in Section II of this Annual Report for further discussion of our stockholders' rights plan. Our stockholders' rights plan is intended to protect stockholder interests in the event we become the subject of a takeover initiative that our board of directors believes could deny our stockholders the full value of their investment. The adoption of our stockholders' rights plan was intended as a means to guard against abusive takeover tactics and was not in response to any particular proposal. Our stockholders' rights plan does not prohibit our board of directors from considering any offer that it considers advantageous to stockholders.

We also have agreements with our executive officers that provide for benefits in specified circumstances if there is a change of control of our company. These provisions might hinder, delay or prevent a change of control of our company. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

*We may not pay dividends in the future.*

We have paid quarterly and special dividends on our common stock in the past. Our board of directors has not declared a dividend since 2016. Any declaration of future quarterly or special dividends is at the discretion of our board of directors, and will depend upon the Company's financial performance, cash requirements, outlook and other factors deemed relevant by our board of directors.

#### *General Risks Related to our Industry*

- *Our business is highly competitive. As a result, we may lose business and employees to our competitors or may experience lower profit margins than we would in the absence of competition.*
- *Excess capacity in our industry has placed downward pressure on pricing and profit margins.*
- *Federal law favoring U.S. shipyards over foreign shipyards may be modified or rescinded, resulting in greater competition from foreign shipyards that operate with lower costs.*
- *New regulations or modifications to existing regulations affecting our significant customers could decrease demand for our products and services and result in significantly lower revenues and earnings.*

#### *General Risks*

- *Compliance with environmental laws and other government regulations may increase our cost of doing business.*
- *Our business involves operating hazards and risks of liability and lawsuits, and our insurance coverage may be insufficient to cover all losses that we experience.*
- *A future public health emergency such as COVID-19 could disrupt our business.*
- *The failure of a bank in which we deposit our funds could have a material adverse impact on our financial condition, liquidity and operations.*

#### **Properties**

We conduct our operations at five shipyards, one in Morgan City, Louisiana, three in Amelia, Louisiana, and one in Orange, Texas. Much of our new vessel construction is done indoors in well-lit space specifically designed to accommodate construction of marine vessels up to 350 feet in length. During the past 10 years, we have made, in the aggregate, approximately \$28.6 million of capital expenditures to add capacity and improve the efficiency of our

shipyards. For additional information, see “General – Internal Expansion.” In the discussion of our shipyards below, we describe some, but not all of the expenditures and improvements we have made over the years.

Our office space for our principal executive offices, finance department, and information technology department occupies approximately 10,533 square feet of leased office space in Morgan City, Louisiana. In July 2024, we extended our existing lease with a 36-month duration; the current lease expires in July 2027. In St. Rose, Louisiana we extended the duration of our existing lease from October 2027 to October 2032, and expanded our space from approximately 3,228 to 6,950 square feet for part of our engineering staff. We entered into a lease in January 2021 in Morgan City for approximately 10,000 square feet of office and warehouse space to house our business development and operations support departments with a 31-month duration and options to extend. We exercised our first option to renew for an additional 5 years, commencing on September 1, 2023 and ending August 31, 2028.

### **Morgan City Shipyard**

We have owned and operated our Morgan City, Louisiana shipyard since 1948. The yard is located on the Atchafalaya River approximately 30 miles from the Gulf of America on approximately 12 acres. The shipyard has 14 buildings containing approximately 125,000 square feet of enclosed building area and 13 overhead cranes. In addition, the shipyard has one submersible launch barge, 1,300 linear feet of steel bulkhead, five rolling cranes and a slip. The buildings at the Morgan City shipyard include offices for management and support personnel as well as three large fabrication warehouses specifically designed to accommodate marine vessel construction. In 2014, 2016 and 2018 we purchased land and buildings to increase parking, fabrication and office space. In 2025, we increased the size of our launch barge which affords us the ability to launch larger vessels from that platform, and constructed two additional erection sites.

### **Amelia Shipyards**

We have three facilities in Amelia, Louisiana, which is approximately five miles from Morgan City, Louisiana: Conrad Shipyard Amelia, Conrad Deepwater and Conrad Deepwater South.

Conrad Shipyard Amelia is located on the Bayou Boeuf/Intracoastal Waterway approximately 30 miles from the Gulf of America on approximately 16 acres. We purchased the yard in 1996 and commenced repair and conversion operations there during February 1998. The facility has a total of seven buildings containing approximately 67,500 square feet of enclosed building area. The site has 2,100 linear feet of bulkhead and two slips. In the past, Conrad Shipyard Amelia was used for steel vessel construction projects including modules for projects under construction in nearby yards. The Amelia yard was repurposed in 2022 for the YRBM project, which included renovations to both the interior office spaces and exterior of several buildings, the addition of a customer’s office, security enhancements, and a new roof on the warehouse, tool room, and training facility. During 2024, we made improvements including additional shorepower, foul weather dolphin pilings and a new office trailer, mainly to support our contract with the U.S. Navy, and during 2025, we added additional office space for U.S. Navy personnel.

Conrad Deepwater is located on the Bayou Boeuf/Intracoastal Waterway approximately 30 miles from the Gulf of America and is within one mile of Conrad Shipyard Amelia. The facility is located on a 52-acre previously undeveloped site that we purchased in 2000 and developed into a shipyard. We commenced repair and conversion operations at the facility in February 2003. This facility has a building containing approximately 5,400 square feet comprising a stock room and maintenance shop, and in 2020 we constructed a 12,400 square foot office building. The site also has 1,700 linear feet of bulkhead and one slip. We currently have six drydocks at Conrad Deepwater. The drydocks consist of two 120-foot by 52-foot drydocks with lifting capacity of 900 tons, two 200-foot by 70-foot drydocks with lifting capacities of 2,400 tons, one 200-foot by 95-foot drydock with a lifting capacity of 4,000 tons and one 280-foot by 160-foot drydock with a lifting capacity of 10,000 tons. We constructed the largest drydock ourselves. During 2010, we put into service an extension to our second largest drydock that increased the lifting capacity from 3,000 tons to 4,000 tons. During the first quarter of 2012, we received a grant from The U.S. Maritime Administration to construct a new section to extend our largest drydock to a length of approximately 350 feet, with a lifting capacity of 12,500 tons. In 2020, we completed construction of a 12,400 square foot office building.

In 2012, we purchased 50 acres of property adjoining our Conrad Deepwater facility, which we now operate as our Conrad Deepwater South shipyard. During the fourth quarter of 2012, we renovated the existing office building at the

new location and relocated our engineering department. We added one vessel construction site and upgraded the existing building for manufacturing. We started operations at this site in June 2013 and delivered our first vessel constructed at the yard in the first quarter of 2014. We added a panel line building equipped with automated welding systems that was completed in the third quarter of 2016. In 2021, we purchased a 5,800 square foot modular office building to house part of our engineering department. In 2022, we constructed a pipe fabrication shop. In 2024, we added two vessel construction sites to support additional new build capacity.

### **Conrad Orange Shipyard**

Our Orange, Texas shipyard, which we acquired in 1997, is located on the Sabine River approximately 37 miles from the Gulf of America on approximately 25 acres. The shipyard has six construction bays under approximately 110,000 square feet of enclosed building area with 13 overhead cranes. The site also has 150 feet of steel bulkhead, and 1,900 linear feet of waterfront including one slip. Our Orange shipyard equipment includes a Wheelabrator, a “gantry” type NC (“Numerical Control”) plasma burner with a 21-foot by 90-foot table, over 60 automatic and semi-automatic welding machines, two rolling cranes, 600, 800 and 1,600-ton transfer/load-out systems and a marine railway with side transfer system. We have made numerous investments in and improvements to the shipyard, including improving the railway and railway launch system, making other improvements to the facility, purchasing land adjacent to the facility, and purchasing machinery and equipment.

### ***Legal Proceedings***

For a discussion of legal proceedings, see Notes 2 and 15 to our financial statements included in Section II of this Annual Report.

### ***Market for the Company’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities***

On March 30, 2005 we voluntarily delisted our common stock from NASDAQ and, simultaneously with delisting, filed a Form 15 with the SEC to voluntarily deregister our common stock under the Exchange Act and to suspend our obligation to file reports under Section 15(d) of the Exchange Act. Prior to this time our stock was traded on the NASDAQ National Market System under the symbol “CNRD.”

On March 31, 2005 our common stock began trading in the over-the-counter market on the Pink Open Market. Effective July 1, 2025, our common stock began trading on the OTCID Basic Market operated by OTC Markets Group Inc. Quotes are available over the internet at [www.otcmarkets.com](http://www.otcmarkets.com) as well as through other services.

As of December 31, 2025, there were 99 record holders of our common stock.

The following table sets forth the high and low bid prices per share of our common stock, as reported by the OTC Markets Group Inc. for each fiscal quarter during the last two fiscal years.

<b><u>Fiscal Year 2025</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>
First Quarter.....	\$ 13.44	\$ 11.25
Second Quarter.....	17.88	10.65
Third Quarter.....	25.60	18.05
Fourth Quarter.....	29.00	24.35
<b><u>Fiscal Year 2024</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>
First Quarter.....	\$ 9.55	\$ 7.41
Second Quarter.....	10.00	6.80
Third Quarter.....	11.00	9.03
Fourth Quarter.....	14.00	9.85

We have paid quarterly and special dividends on our common stock in the past. Our board of directors has not declared a quarterly or special dividend since 2016. Any declaration of future dividends is at the discretion of our board of directors, and will depend upon the Company's financial performance, cash requirements, outlook and other factors deemed relevant by our board of directors. The Company's loan agreement does not restrict the payment of dividends or repurchase of shares, subject to compliance with the financial covenants in the loan agreement.

We have repurchased a total of 1,447,347 shares pursuant to our stock repurchase program at an average price of \$16.93 since the program began in August 2010. We have not repurchased shares under the program since 2017. In May 2025, the Company's board of directors re-authorized the \$1.0 million remaining available under the program and authorized an additional \$1.0 million for repurchases under the program. As of March 31, 2026, \$2.0 million remained available for future repurchases under our stock repurchase program.

## Selected Financial Data

The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The historical financial data for each year in the five-year period ended December 31, 2025 are derived from our historical audited financial statements. The following information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Annual Report and our consolidated financial statements and notes thereto included as an attachment to this Annual Report.

	<b>For the Years Ended</b>				
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	(In thousands, except per share data)				
<b>Statement of Operations Data</b>					
Revenues	\$ 327,548	\$ 303,410	\$ 239,774	\$ 193,856	\$ 191,216
Cost of revenue	294,674	283,837	269,099	209,645	196,767
Gross profit/(loss)	32,874	19,573	(29,325)	(15,789)	(5,551)
Selling, general and administrative expenses	8,758	7,380	7,500	7,673	6,522
Income/(loss) from operations	24,116	12,193	(36,825)	(23,462)	(12,073)
Interest and other income (expense), net	2,242	6,412	500	175	17,866
Income/(loss) before income taxes	26,358	18,605	(36,325)	(23,287)	5,793
Provision/(benefit) for income taxes	6,483	7,379	(9,297)	(5,858)	(657)
Net income/(loss)	<u>\$ 19,875</u>	<u>\$ 11,226</u>	<u>\$ (27,028)</u>	<u>\$ (17,429)</u>	<u>\$ 6,450</u>
<b>Net Income/(Loss) Per Common Share</b>					
Basic	\$ 3.96	\$ 2.24	\$ (5.39)	\$ (3.47)	\$ 1.29
Diluted	\$ 3.96	\$ 2.24	\$ (5.39)	\$ (3.47)	\$ 1.29
<b>Weighted Average Common Shares</b>					
<b>Oustanding</b>					
Basic	5,018	5,018	5,018	5,018	5,018
Diluted	5,018	5,018	5,018	5,018	5,018
<b>Statement of Cash Flows Data</b>					
Net cash provided by/(used in) operating activities	\$ 10,439	\$ (11,141)	\$ 20,148	\$ (32,759)	\$ 18,682
Net cash used in investing activities	\$ (4,538)	\$ (2,691)	\$ (1,763)	\$ (2,279)	\$ (1,262)
Net cash used in financing activities	\$ (1,500)	\$ (1,625)	\$ (1,375)	\$ (1,500)	\$ (1,500)
<b>Other Financial Data</b>					
Depreciation & amortization	\$ 3,781	\$ 4,050	\$ 5,076	\$ 5,738	\$ 6,194
Capital expenditures	\$ 4,548	\$ 2,690	\$ 1,763	\$ 2,308	\$ 1,962
EBITDA (1)	\$ 30,548	\$ 22,854	\$ (31,019)	\$ (17,312)	\$ 12,220
EBITDA margin (2)	9.3%	7.5%	-12.9%	-8.9%	6.4%
Operating profit/(loss) margin (3)	7.4%	4.0%	-15.4%	-12.1%	-6.3%
<b>As of December 31,</b>					
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	(In thousands)				
<b>Balance Sheet Data</b>					
Working capital	\$ 60,529	\$ 42,516	\$ 31,871	\$ 57,482	\$ 73,617
Property, plant & equipment, net	\$ 41,961	\$ 41,203	\$ 42,556	\$ 45,866	\$ 49,292
Total assets	\$ 139,770	\$ 148,463	\$ 140,210	\$ 131,152	\$ 146,082
Long term debt, including current portion (4)	\$ 1,375	\$ 2,875	\$ 4,500	\$ 5,875	\$ 7,375
Shareholders' equity	\$ 101,270	\$ 81,395	\$ 70,169	\$ 97,197	\$ 114,626

- (1) Represents earnings before deduction of interest, taxes, depreciation and amortization. EBITDA is not a measure of cash flow, operating results or liquidity as determined by generally accepted accounting principles. We have included information concerning EBITDA as supplemental disclosure because management believes that EBITDA provides meaningful information regarding a company's historical ability to incur and service debt. EBITDA as defined and measured by us may not be comparable to similarly titled measures reported by other companies. EBITDA should not be considered in isolation or as an alternative to,

or more meaningful than, net income or cash flow provided by operations as determined in accordance with generally accepted accounting principles as an indicator of our profitability or liquidity.

- (2) Represents EBITDA as a percentage of revenues.
- (3) Represents income/(loss) from operations as a percentage of revenues.
- (4) See Note 8 in Section II.

The following table sets forth a reconciliation of net cash provided by/(used in) operating activities to EBITDA for the periods presented (in thousands):

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net cash provided by/(used in) operating activities	\$ 10,439	\$ (11,141)	\$ 20,148	\$ (32,759)	\$ 18,682
Interest expense	409	199	230	237	233
Provision/(benefit) for income taxes	6,483	7,379	(9,297)	(5,858)	(657)
Deferred income tax provision (benefit)	(5,913)	(4,276)	9,297	5,844	657
PPP loan forgiveness	-	-	-	-	8,091
Other	(6)	(2)	(5)	25	611
Changes in operating assets and liabilities	19,136	30,695	(51,392)	15,199	(15,397)
EBITDA	<u>\$ 30,548</u>	<u>\$ 22,854</u>	<u>\$ (31,019)</u>	<u>\$ (17,312)</u>	<u>\$ 12,220</u>

## *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes to consolidated financial statements included as an attachment to this Annual Report.

### **Overview**

We primarily specialize in the construction, conversion and repair of a wide variety of steel marine vessels for commercial and government customers, and have begun supporting industrial fabrication projects. These vessels include large and small deck barges, crane barges, spud barges, docking barges, tank barges, berthing barges, flood gates, split-hull dump scows, dredges, drydocks, inland and offshore tug boats, tow boats, multi-purpose tug boats, LPG barges, LNG bunker vessels, lift boats, ferries, anchor barges, other offshore support vessels. We operate five shipyards: one in Morgan City, Louisiana, three in Amelia, Louisiana and one in Orange, Texas. For the year ended December 31, 2025, our vessel construction segment accounted for 92.1% of our total revenue and our repair and conversion segment accounted for 7.9% of our total revenue. For the year ended December 31, 2024, our vessel construction segment accounted for 92.4% of our total revenue and our repair and conversion segment accounted for 7.6% of our total revenue.

In 2025, we recognized total revenues of \$327.5 million, net income of \$19.9 million, and income per diluted share of \$3.96, compared to 2024 total revenues of \$303.4 million, net income of \$11.2 million, and income per diluted share of \$2.24. Our financial results and solid backlog during 2025 and 2024 strengthened our financial condition, improved our bonding capacity and enabled us in the first quarter of 2025 to extend our revolving credit facility maturity to May 31, 2026.

Net income for 2025 was \$19.9 million compared to net income of \$11.2 million for 2024, primarily due to higher gross profit in our vessel construction segment. Net income for 2024 also included the collection of a judgment in a lawsuit of \$8.04 million, as described below. Gross profit in vessel construction in 2025 was \$29.5 million compared to gross profit of \$17.9 million for 2024. The improved results in our vessel construction segment primarily related to continued improved performance on contracts, lower overhead allocations as we experienced higher overall volume, and favorable adjustments on projects for which we recorded forward losses in previous periods, partially offset by forward losses totaling \$8.5 million primarily related to two ice class tug boats and one ferry. Gross profit in vessel construction in 2024 was partially offset by forward losses totaling \$14.7 million primarily related to two U.S. Army Corps of Engineers ice class tugs and the fifth, sixth, seventh and eighth YRBM vessels.

Repair and conversions gross profit was \$3.4 million in 2025 compared to \$1.7 million in 2024. The increase in gross profit in the repair and conversions segment for 2025 was primarily the result of a slight increase in volume and higher margin projects.

As reported in Notes 2 and 15 in our financial statements, in February 2023, we were awarded a \$7.49 million judgment in a suit we filed in 2019 against a customer that defaulted on contracts to construct two vessels. The judgment was appealed to the United States Court of Appeals for the Fifth Circuit and on February 23, 2024, the judgment was affirmed. We received the amended final judgment in the amount of \$8.04 million during 2024, which is reflected in "Other income" in our 2024 income statement.

At December 31, 2025, we had cash and cash equivalents of \$27.5 million compared to \$23.1 million at year-end 2024. Working capital was \$60.5 million at year-end 2025 compared with \$42.5 million at year-end 2024. Total debt at year-end 2025 was \$1.4 million compared with \$2.9 million at year-end 2024. As of December 31, 2025, no amounts were drawn on our \$10 million revolving credit facility and one \$1 million letter of credit was committed against the facility, leaving \$9 million available to draw under the facility. During 2025, the maturity of our revolving credit facility was extended to May 31, 2026. See Note 8 for additional information.

Our operating results for 2025 improved despite a continued challenging environment. During 2025, we encountered new steel tariffs, rising steel prices, and heightened uncertainty surrounding inflation, U.S. trade policy, and foreign policy. Many of these factors remain elevated relative to historical norms, and the labor market remains tight. The Company has historically responded to market-driven labor cost pressures as appropriate and continues to evaluate conditions to ensure workforce stability and competitiveness.

In spite of these challenges, management remains cautiously optimistic about 2026. For additional information regarding steel prices, see *Business Overview – Material and Supplies*. In vessel construction, we experienced an improving market in 2025, specifically in the infrastructure and government markets while energy transportation and the energy industry remained soft. We believe that during 2025, largely as a result of new steel tariffs, continued high steel prices, and other inflationary cost increases, some vessel construction customers continued to delay new orders.

Although we face substantial uncertainty in our markets, we believe we benefit from several competitive advantages, including our shipyard capacity, continued investments to improve shipyard capabilities and efficiencies, and our experienced management, engineering teams, and dedicated workforce. We also believe we benefit from a strong reputation for quality and workplace safety, as evidenced by multiple industry recognitions, including the 2025 Western Dredging Association (WEDA) Safety Excellence Award, the 2023 and 2024 American Equity Underwriters, Inc. (AEU) Excellence in Safety Awards, the Shipbuilders Council of America (SCA) “Excellence in Safety” Awards in 2023 and 2024, and the SCA’s 2023 “Improvement in Safety” Award.

Market conditions in certain segments remain constructive. The infrastructure market continues to be a bright spot, providing attractive projects and opportunities, and our Amelia facility is currently constructing YRBM vessels for the U.S. Navy, as discussed in the following paragraph. We believe that contracts executed during 2025 and 2024 generally reflect lessons learned on prior jobs, are less complex, and are more accurately priced.

In recent years, we have pursued and secured opportunities to construct different types of vessels for new markets. Some of these vessels are larger and more complex, with longer start-up and completion timelines than the vessels we have historically produced. While we have recorded losses on certain projects, we believe these efforts have strengthened our production processes, expanded our engineering and project management capabilities, and diversified our product mix. We also believe that our capital improvement program at our Deepwater South yard has enhanced our ability to compete for larger, more complex projects. Although these projects can involve additional risk, they may also provide a more stable backlog over longer periods.

Demand for our products and services depends on several factors, including overall economic conditions affecting our customers and end markets, the age and condition of vessels operated by our customers, the relative cost of new construction compared to vessel repair, and the availability of government funding and related legislation. Because a portion of our repair work is derived from the energy industry, conditions in that industry also affect our repair segment.

In March 2022, we were awarded a fixed-price contract by the U.S. Navy for the design and construction of a Yard, Repair, Berthing and Messing (“YRBM”) barge, with options for an additional seven barges. The YRBM barges provide a temporary home away from home and workplace for U.S. service men and women whose vessels are in port for repairs and/or maintenance. The U.S. Navy exercised options for three additional YRBM barges during 2022, an option during 2023 for the fifth vessel, and options for the sixth, seventh, and eighth YRBM barges were exercised in 2024, bringing the total contracts awarded through year-end 2024 to \$151.9 million. We delivered the first YRBM barge to the U.S. Navy in 2024, and the second, third, and fourth YRBM barges in March, August, and December 2025, respectively. We expect to deliver three additional YRBM barges during 2026 and the eighth barge of the original contract thereafter. Due to rapidly rising inflation since the time of our fixed-price bid, we recorded substantial forward losses on all eight vessels in 2024. In March 2025 and June 2025, we were awarded a \$28 million fixed-price modification to the previously awarded contract for the design and construction of a ninth and tenth YRBM barge, and in December 2025, we received a settlement agreement for modification to the existing YRBM contract for the award of an eleventh YRBM barge, and we do not expect to record forward losses on these contract modifications.

During the November 2024 International WorkBoat Show, Conrad-built Multi Cat dredge support vessels were the winner of the annual Significant Boat of the Year. In February 2024, we delivered the first 6,500-cubic-yard-capacity dredge, awarded in 2020. In June of 2022, our customer exercised the option to construct a second 6,500-cubic-yard-capacity trailing suction hopper dredge, which is the largest contract in our company’s history. Although we recorded forward losses on these dredges in 2022, 2023 and 2024, lessons learned on the first dredge improved our performance on the second dredge, which was delivered in August 2025. We constructed a hybrid-electric passenger and vehicle ferry for The Trust for Governors Island in New York, which was delivered in June 2025. We announced on August 29, 2023 that we were awarded a contract by the Puerto Rico Maritime Transit Authority for the construction of four cargo and passenger ferry vessels. The ferries, designed to carry 300 passengers and 300 short tons of cargo, will

operate between the Municipality of Ceiba and the Islands of Vieques and Culebra in Puerto Rico. The first cargo and passenger ferry vessel was delivered to San Juan, Puerto Rico in December 2024, the second was delivered in January 2026. The third vessel was delivered to San Juan, Puerto Rico in March 2026.

During 2025, we added \$206.6 million of backlog. Our backlog was \$213.9 million at December 31, 2025, compared to \$293.8 million at December 31, 2024. Other commercial contracts accounted for approximately 13.4%, 51.4%, and 45.5% of our backlog at December 31, 2025, 2024 and 2023, respectively. Government contracts accounted for approximately 79.7%, 48.6%, and 54.5% of our backlog at December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025, approximately 48.8% of our backlog related to the YRBM project. Energy contracts accounted for approximately 6.9% at December 31, 2025. We had no energy contracts in our backlog at December 31, 2024 and 2023. We expect to complete 82.4% of our backlog within the next 12 months. Our management is focused on effectively executing our backlog and obtaining additional profitable backlog.

Our vessel construction and fabrication projects in progress as of December 31, 2025 consisted of 36 vessels: nine spud barges, seven YRBM barges, four deck barges, four ferries, three LPG barges, two crane barges, two ice class tugs, one landing barge, one patrol vessel, one tow boat, and two drydock modules, as well as two projects with multiple structural building foundations. Our commercial customers comprise a very diverse group that crosses a wide range of businesses including the dredging, construction, towing, and bunkering markets. We also construct vessels for government customers including the U.S. Army Corps of Engineers and state departments of transportation and were awarded the YRBM contracts from the U.S. Navy in 2022 and an additional YRBM contract modification in March and June of 2025, and February of 2026.

From time to time, we have experienced gaps in our construction schedules and began construction on stock vessel projects that were not under contract, but which we believed we could convert to contracts within a relatively short period of time of starting construction or prior to completion of the project. The primary goal of this strategy is to maintain operational efficiencies and revenue volume between contracted projects. We have also constructed stock vessels for strategic business and marketing reasons. The ultimate selling price and timing of the sales of stock vessels can have an impact on our revenue, profitability, and working capital. At December 31, 2025, we had two stock vessels under construction. On March 12, 2026, we entered into a contract to sell both stock vessels. At December 31, 2024 and December 2023, we did not have any stock vessels under construction. Stock vessels contributed approximately 2% of our labor hours in our vessel construction segment in 2025 and 2% in 2023. There were no labor hours related to stock vessels in 2024. The stock vessel program adversely impacted our results for 2023 as our anticipated prices for the vessels declined due to market conditions.

Our vessel construction projects generally range from one month to twenty-four months in duration. We use the percentage-of-completion method of accounting and therefore take into account the estimated costs, estimated earnings, and revenue to date on fixed-price contracts not yet completed. The amount of revenue recognized is based on the portion of the total contract price that the labor hours incurred to date bears to the estimated total labor hours, based on current estimates to complete the project. This method is used because management considers expended labor hours to be the best available measure of progress on these contracts. Revenues from cost-plus-fee contracts are recognized on the basis of cost incurred during the period plus the fee earned.

Most of the contracts we enter into for new vessel construction, and some of our contracts for conversion and repair, whether commercial or governmental, are fixed-price contracts under which we retain all cost savings on completed contracts but are liable for all cost overruns. We develop our bids for a fixed price project by estimating the amount of labor hours and the cost of materials necessary to complete the project and then bid the projects in order to achieve a sufficient profit margin to justify the allocation of our resources to such project. Our revenues therefore may fluctuate from period to period based on, among other things, labor hours, timing and general delays, the aggregate amount of materials used in projects during a period and whether the customer provides materials and equipment. We perform many of our conversion and repair services on a time and materials basis pursuant to which the customer pays a negotiated labor rate for labor hours spent on the project as well as the cost of materials plus a margin on materials purchased. Repair projects may take a few days to a few weeks, although some extend for a longer period.

On July 4, 2025, the One Big Beautiful Bill Act was signed into law, enacting a broad range of federal tax changes, including the extension and modification of certain provisions originally enacted under prior tax legislation. The Company has evaluated the impact of the Act on its financial position, results of operations, and cash flows. Based on

this evaluation, the Company does not believe the Act, as enacted, will have a material impact on its consolidated financial statements. The Company will continue to assess the potential effects of the Act's tax provisions as additional interpretive guidance becomes available and as implementation continues through 2026.

## Results of Operations

	For the Years Ended December 31,					
	2025		2024		2023	
<b>Financial Data:</b>						
<b>Revenue</b>						
Vessel construction	\$ 301,735	92.1%	\$ 280,231	92.4%	\$ 207,139	86.4%
Repair and conversions	25,813	7.9%	23,179	7.6%	32,635	13.6%
Total revenue	<u>327,548</u>	100.0%	<u>303,410</u>	100.0%	<u>239,774</u>	100.0%
<b>Cost of revenue</b>						
Vessel construction	272,235	90.2%	262,377	93.6%	241,550	116.6%
Repair and conversions	22,439	86.9%	21,460	92.6%	27,549	84.4%
Total cost of revenue	<u>294,674</u>	90.0%	<u>283,837</u>	93.5%	<u>269,099</u>	112.2%
<b>Gross profit/(loss)</b>						
Vessel construction	29,500	9.8%	17,854	6.4%	(34,411)	-16.6%
Repair and conversions	3,374	13.1%	1,719	7.4%	5,086	15.6%
Total gross profit/(loss)	<u>32,874</u>	10.0%	<u>19,573</u>	6.5%	<u>(29,325)</u>	-12.2%
S G & A expenses	<u>8,758</u>	2.7%	<u>7,380</u>	2.4%	<u>7,500</u>	3.1%
Income/(loss) from operations	24,116	7.4%	12,193	4.0%	(36,825)	-15.4%
Interest expense	(409)	-0.1%	(199)	-0.1%	(230)	-0.1%
Other income/(expense), net	2,651	0.8%	6,611	2.2%	730	0.3%
Income/(loss) before income taxes	26,358	8.0%	18,605	6.1%	(36,325)	-15.1%
Provision/(benefit) for income taxes	6,483	2.0%	7,379	2.4%	(9,297)	-3.9%
Net income/(loss)	<u>\$ 19,875</u>	6.1%	<u>\$ 11,226</u>	3.7%	<u>\$ (27,028)</u>	-11.3%
EBITDA (1)	<u>\$ 30,548</u>	9.3%	<u>\$ 22,854</u>	7.5%	<u>\$ (31,019)</u>	-12.9%
Net cash provided by/(used in) operating activities	<u>\$ 10,439</u>		<u>\$ (11,141)</u>		<u>\$ 20,148</u>	
Net cash used in investing activities	<u>\$ (4,538)</u>		<u>\$ (2,691)</u>		<u>\$ (1,763)</u>	
Net cash used in financing activities	<u>\$ (1,500)</u>		<u>\$ (1,625)</u>		<u>\$ (1,375)</u>	

(1) Represents earnings before deduction of interest, taxes, depreciation and amortization. EBITDA is not a measure of cash flow, operating results or liquidity as determined by generally accepted accounting principles. We have included information concerning EBITDA as supplemental disclosure because management believes that EBITDA provides meaningful information regarding a company's historical ability to incur and service debt. EBITDA as defined and measured by us may not be comparable to similarly titled measures reported by other companies. EBITDA should not be considered in isolation or as an alternative to, or more meaningful than, net income or cash flow provided by operations as determined in accordance with generally accepted accounting principles as an indicator of our profitability or liquidity.

The following table sets forth a reconciliation of net cash provided by/(used in) operating activities to EBITDA for the periods presented (in thousands):

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net cash provided by/(used in)			
operating activities	\$ 10,439	\$ (11,141)	\$ 20,148
Interest expense	409	199	230
Provision/(benefit) for income taxes	6,483	7,379	(9,297)
Deferred income tax provision/(benefit)	(1,942)	(4,276)	9,297
Other	(6)	(2)	(5)
Changes in operating assets and liabilities	15,165	30,695	(51,392)
EBITDA	<u>\$ 30,548</u>	<u>\$ 22,854</u>	<u>\$ (31,019)</u>

*Year Ended December 31, 2025 Compared to Year Ended December 31, 2024*

During the year ended December 31, 2025, we generated revenue of \$327.5 million, an increase of approximately \$24.1 million or 8.0%, compared to \$303.4 million generated for 2024. Vessel construction revenue increased \$21.5 million due primarily to product mix. Repair and conversions revenue increased \$2.6 million primarily related to slightly higher volume and product mix. Vessel construction hours in 2025 increased 16.2% compared to 2024, and repair and conversions hours in 2025 increased by 2.2% compared to 2024.

Vessel construction revenue was 92.1% of total revenue in 2025 compared to 92.4% for 2024, and repair and conversions revenue was 7.9% of total revenue in 2025 compared to 7.6% in 2024. For 2025, 38.0% of total revenue was government related, 2.1% was energy and 59.9% was other commercial. This compares to 34.4% of total revenue being government related, 1.1% energy and 64.5% other commercial in 2024.

We had a gross profit of \$32.9 million for 2025 as compared to a gross profit of \$19.6 million for 2024. Vessel construction gross profit was \$29.5 million for 2025 as compared to a gross profit of \$17.9 million for 2024. The improved results in our vessel construction segment in 2025 primarily related to improved performance on contracts, lower overhead allocations as we experienced higher overall volume, and favorable adjustments on projects for which we recorded forward losses in previous periods, partially offset by forward losses, as described above. Repair and conversions gross profit was \$3.4 million in 2025 compared to \$1.7 million in 2024. The increase in gross profit in the repair and conversions segment for 2025 was primarily the result of a slight increase in volume and higher margin projects.

Selling, general and administrative expenses (“SG&A”) increased \$1.4 million, or 18.7%, to \$8.8 million (2.7% of revenue) for 2025, as compared to \$7.4 million (2.4% of revenue) for 2024. SG&A for 2025 increased primarily as a result of prior year reversal of bad debt expense and increases in franchise tax and employee bonuses.

Other income/(expense), net decreased \$4.0 million to \$2.6 million for 2025 compared to \$6.6 million in 2024. Other income for 2024 reflects the receipt of the amended final judgment in the amount of \$8.04 million against a customer that defaulted on contracts to construct two vessels, partially offset by the write-off of notes receivable of \$2.1 million related to a repair customer’s default on a promissory note.

Interest expense increased \$210,000 to \$409,000 for 2025 as compared to interest expense of \$199,000 for 2024. The increase is due to the advance payment of interest to the IRS in settlement of the IRS audit of research and development tax credits for 2014 and 2015, offset by the reduction in the term loan balance. See Note 8 for additional information.

We had an income tax provision of \$6.5 million for 2025, compared to an income tax provision of \$7.4 million for 2024. The 2024 provision includes a \$1.1 million write down of income tax receivable based on the doubt of full collectability, which increased our income tax provision for 2024. In May 2025, we finalized a settlement with the IRS on tax years 2014 and 2015 on research and development credits. The remaining IRS receivable of \$1.1 million related to tax year 2017 net operating loss carryback to tax year 2015 remained open at year end 2025. Subsequent to year end, we received payment from the IRS in the amount of \$1.34 million in full settlement of this receivable, plus accrued interest, in March 2026. See Note 11 for additional information.

## Liquidity and Capital Resources

Net cash provided by operations was \$10.4 million for 2025, compared to net cash used in operations of \$11.1 million for 2024. The increase in 2025 is mainly due to a net decrease in contracts receivable. Our working capital position was \$60.5 million and \$42.5 million at December 31, 2025 and 2024, respectively. Cash and cash equivalents at December 31, 2025 and 2024 were \$27.5 and \$23.1 million, respectively. Other current assets decreased from \$13.8 million at December 31, 2024 to \$8.1 million at December 31, 2025 primarily due to a \$5.6 million decrease in deferred tax assets. See Note 11 for additional information. Management continues to engage in a detailed business planning process in assessing the Company's cash position and potential resources in light of the challenging operating environment, new types of projects being pursued, and the Company's capital expenditure program.

Our net cash used in investing activities of \$4.5 million in 2025 reflected capital expenditures for facility improvements and machinery purchases. Other significant approved capital expenditures include improvements to increase capacity and operational efficiencies. Our net cash used in investing activities of \$2.7 million in 2024 included capital expenditures in machinery and property improvements. For additional information on our internal expansion activities, see *Business Overview – General - Internal Expansion*.

Our board of directors has approved an \$11.0 million capital expenditure program for 2026; however, we will monitor our capital expenditures closely. As of December 31, 2025, we had no material commitments for capital expenditures.

As reported in Notes 2 and 15 in our financial statements, in February 2023 we were awarded a \$7.49 million judgment in a suit we filed in 2019 against a customer that defaulted on contracts to construct two vessels. The judgment was appealed to the United States Court of Appeals for the Fifth Circuit and on February 23, 2024, the judgment was affirmed and we realized the amount of \$8.04 million, including interest and costs. Receipt of the judgment amount is reflected in our 2024 income statement in Other income.

To fill in gaps in our construction schedules, we construct stock vessels from time to time. We have also constructed stock vessels for strategic business and marketing reasons. Our stock vessel program can have a material impact on our liquidity, capital resources and profits. As of December 31, 2025, we had two stock vessels under construction which subsequently went under contract in March 2026. As of December 31, 2024, we did not have any stock vessels under construction. Refer to "Overview" above for additional discussion regarding our stock vessel program.

Net cash used in financing activities was \$1.5 million for 2025 and \$1.6 million for 2024 for the payments on our term loan. Our board of directors did not declare dividends during 2025 or 2024. Any declaration of dividends is at the discretion of our board of directors, and will depend upon the Company's financial performance, cash requirements, outlook and other factors deemed relevant by our board of directors. For additional information on our common stock dividends, see pages 17 and 20 of this Annual Report.

During December 2014, our board of directors approved an increase in our existing stock repurchase program to \$20 million. The program permits purchases of our common stock in the open market or privately negotiated transactions, does not obligate us to acquire any particular amount of our common stock, does not have an expiration date and can be amended or terminated at any time without prior notice. No shares of our common stock have been repurchased under the program since 2017. In May 2025, the Company's board of directors reauthorized the \$1.0 million remaining available under the program and authorized an additional \$1.0 million for repurchases under the program. As of December 31, 2025, \$2.0 million remained available under the stock repurchase program compared to \$1.0 million as of December 31, 2024.

Our long-term debt is described in Note 8 to our financial statements. Pursuant to an amendment to our loan agreement in February 2025, the maturity of our revolving credit facility has been extended to May 31, 2026. Conrad is in discussions with its Lender to renew the revolving credit facility for a twenty-four month maturity beyond the May 31, 2026 expiration of the existing credit facility.

In the normal course of our business, we may be required to provide letters of credit to secure the payment of workers' compensation obligations. Additionally, under certain contracts we may be required to provide letters of credit and bonds to secure our performance and payment obligations. At December 31, 2025, bonds and letters of credit amounted to \$172.5 million compared to \$156.9 million at December 31, 2024. See Note 15 for additional information.

We have experienced challenges in obtaining sufficient bonding capacity for larger projects on terms that we desired. Our improved financial performance during 2025 and 2024 has improved our bonding capacity. However, there can be no assurance we will continue to be successful in obtaining bonds or letters of credit in the amounts, at terms and at times we desire. In addition, the cost of obtaining such bonds, letters of credit and similar obligations has increased and may continue to increase.

We believe that our existing working capital and projected cash flow from operations will enable us to meet our cash obligations for at least the next 12 months. Our cash forecasts are subject to change depending on changes in steel, other material and labor costs, the extent to which we experience unanticipated overruns in material costs and labor hours necessary to complete fixed-priced projects, our ability to add profitable backlog and repair work, our ability to add and retain skilled labor, evolving implications of geopolitical conflicts, the extent to which we must extend favorable terms to customers in order to obtain contracts, and the impacts of economic conditions, including inflation, interest rates and changing U.S. trade policy and foreign policy, on our customers, employees, subcontractors and suppliers. As noted elsewhere in this report, on March 12, 2025, the United States implemented a 25% tariff on most imported steel products. Steel tariffs tend to increase the prices that we pay to purchase steel and to increase the cost of vessels for our customers, which negatively impacts demand for our products. Potential future additional tariffs or trade restrictions, including related to steel, could disrupt our supply chain, increase our costs, and reduce our sales. The current U.S. presidential administration has shifted its position on tariffs and trade restrictions a number of times. Accordingly, we can provide no assurances that the results projected in our cash forecasts will be achieved.

### ***Directors and Executive Officers***

#### **Our Founder**

*J. Parker Conrad* founded our Company and served as Chairman of the Board from its inception in 1948 and as President from 1948 until 1994. From March 1998, Mr. Conrad served as Executive Co-Chairman of the Board of Conrad Industries, Inc., our holding company formed at that time in connection with our initial public offering, until his retirement from our Board in January 2014.

Upon his retirement from our Board, he was granted the honorary position of Chairman Emeritus and was invited to attend all board meetings, although he was not entitled to vote. He remained an employee of our Company and served as Advisor to the Chief Executive Officer until his death in July 2017. Mr. Conrad is the father of John P. Conrad, Jr. and grandfather of Daniel T. Conrad.

#### **Current Directors**

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Year First Became a Director</u>
John P. Conrad, Jr.	83	Executive Chairman of the Board of Directors, (Class III)	1998
Cecil A. Hernandez	69	Director, Chief Executive Officer, President (Class I)	1998
Daniel T. Conrad	62	Director, Senior Vice President, Assistant Secretary (Class III)	2014
Larry J. Callais	76	Director (Class I)	2022
John R. Waldo (1)	48	Director (Class II)	2025

(1) John R. Waldo became a director of our Company effective January 28, 2025 upon the retirement of former director Michael J. Harris. Mr. Waldo serves as an independent Class II director, and as a member of the Company's Independent Directors Committee.

*John P. Conrad, Jr.* has been with our company since 1962, serving as Vice President since 1982, and as Co-Chairman of the Board of Conrad Industries, Inc. from March 1998 to January 2014, when he became Chairman of the Board. Mr. Conrad served as Chief Executive Officer from April 2004 to May 2025, when he became Executive Chairman. Mr. Conrad served as President from April 2004 until November of 2018. Mr. Conrad founded Johnny's Propeller Shop, Inc., a marine-related service company, in 1963 and is Chairman of the Board and Chief Executive Officer of this company. In 2000, Mr. Conrad and members of his immediate family founded Summit Management Group, L.L.C., which currently owns, among other investments, all of the outstanding ownership interests in Johnny's Propeller Shop. Mr. Conrad is currently the Operating Manager of Summit Management Group. He is the father of Daniel T. Conrad.

*Cecil A. Hernandez* has been a director of Conrad Industries since March 1998. Mr. Hernandez joined Conrad Industries in January 1998 and served as Vice President-Finance and Administration and Chief Financial Officer of Conrad Industries from 1998 until 2002. During August 2004, Mr. Hernandez returned to Conrad and served as Chief Operating Officer and interim CFO until February 2005, at which time, he assumed the position of Executive Vice-President and Chief Financial Officer until November 2018. Mr. Hernandez served as Chief Operating Officer from July until October 2018. In November 2018, he became President. In May 2025, he became Chief Executive Officer and President. From October 2002 to August 2004, Mr. Hernandez served as the President of Summit Management Group, L.L.C., a company formed by John P. Conrad, Jr. and his immediate family. Mr. Hernandez founded Hernandez & Blackwell CPAs in 1983 and served as its Managing Partner until December 1997. Hernandez & Blackwell CPAs merged with Darnall Sikes & Frederick CPAs in 1996. Additionally, Mr. Hernandez provided accounting and consulting services for Conrad Industries as the outside Certified Public Accountant from 1993 until 1997. From 1982 to 1983, Mr. Hernandez served as Assistant Controller for Oceaneering International, a publicly traded diving company. Mr. Hernandez was employed by the international accounting firm Deloitte Haskins & Sells (now Deloitte & Touche LLP) from 1979 to 1982.

*Daniel T. Conrad* has been a director of Conrad Industries since January 2014. Mr. D. Conrad was appointed to fill the vacancy created by the resignation of J. Parker Conrad and to serve as a Class III director. Mr. D. Conrad joined the company in 1997 and has held numerous positions including Facility Manager, Sales Manager, Business Relations Manager and currently is Senior Vice President of our Conrad Shipyard, Conrad Shipyard Amelia and Conrad Orange subsidiaries and Assistant Secretary. From 1989 to 1996, Mr. D. Conrad served in various positions with Venture Transport, Inc., a specialized carrier in oilfield and energy equipment. Mr. D. Conrad is the son of John P. Conrad, Jr.

*Larry J. Callais* has been a director of Conrad Industries since November 2022. Mr. Callais served as Chief Executive Officer of M C Bank from 1999 until 2021. He joined the bank in 1977. M C Bank is a Morgan City-based commercial bank with seven locations in south Louisiana. Among his many civic and professional activities, Mr. Callais has served as Chairman of the Board of the St. Mary Parish Foundation, served as Chairman of the Board of Trustees of Teche Regional Medical Center in Morgan City and is a former member of the Board of Directors of the Louisiana Bankers Association. He is a Certified Public Accountant, on inactive status.

*John R. "Jack" Waldo* has been a director of Conrad Industries since January 2025. Mr. Waldo serves as co-Chief Executive Officer of Dental Depot, a privately-held dentistry group with 46 locations spread over four states. He joined Dental Depot in 2017 as director of regional operations, became Chief Operating Officer shortly thereafter and became co-CEO in July 2020. Prior to Dental Depot, Mr. Waldo was an investment banker and research analyst at Stephens Inc. for 17 years, including serving as Managing Director of Transportation and Logistics Investment Banking. Since 2021, Mr. Waldo has served on the Board of Directors of United Petroleum Transport, a leader in the tank truck industry. He also serves on the Board of Directors of the Samuel Roberts Noble Foundation, which makes charitable grants to nonprofits that cultivate good health, support education and build stronger communities, primarily in Oklahoma.

## Executive Officers

Set forth below is certain information concerning our current executive officers. Information regarding the business experience of Mr. Conrad, Jr., Mr. Hernandez, and Mr. D. Conrad is set forth above under the heading “Current Directors.”

<u>Name</u>	<u>Age</u>	<u>Position with Conrad Industries</u>
John P. Conrad, Jr.....	83	Executive Chairman of the Board
Cecil A. Hernandez.....	69	Chief Executive Officer and President
Daniel T. Conrad .....	62	Senior Vice President and Assistant Secretary
Scott A. Thomas .....	54	Senior Vice President, Chief Financial Officer, Treasurer and Secretary

*Scott A. Thomas* became Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of the Company in July 2022. Mr. Thomas was appointed Secretary in March 2025. In March 2026, he became Senior Vice President. Prior to joining the Company, Mr. Thomas served as Vice President of Finance at Twin Brothers Marine, since June 2020, and as Chief Financial Officer/Vice President of Finance and Administration at Intermoor Inc., from October 2004 until April 2020. In his early career, Mr. Thomas worked as an Accounting Manager for Technip Offshore, the previous owner of InterMoor. Prior to Technip, Mr. Thomas was a Business Analyst for Houma-based Cross Group and a Marine Logistics Coordinator for Leevac Marine/Hornbeck Offshore. Mr. Thomas is a graduate of University of Louisiana at Lafayette with a Bachelor of Science degree in Accounting and a Master of Business Administration degree.

## Independent Directors Committee

The Company is not required to have independent directors; however, the Board of Directors believes that doing so is a best practice and in the best interests of the Company and its stockholders. In 2022, following certain changes in the status of independent board members, the Board has used as a guideline the independence requirements of The NASDAQ Stock Market. The Board solicited, from among its members, advisors and other contacts, qualified candidates to serve as an independent director of the Company and carefully considered the qualifications of candidates. Effective November 2, 2022, Larry J. Callais was appointed to the Board as a new Class I director. Mr. Callais qualifies as independent under the rules of The NASDAQ Stock Market and was appointed to the Company’s Independent Directors Committee. Recently, the Board conducted another search process in anticipation of an independent director’s retirement. Effective January 28, 2025, John R. “Jack” Waldo was appointed to the Board as a new Class II director upon retirement of a prior independent director. Mr. Waldo qualifies as independent under the rules of The NASDAQ Stock Market and was appointed to the Company’s Independent Directors Committee. Mr. Callais is the Chair of the Independent Directors Committee.

Accordingly, we have two independent directors, as independence is defined by The NASDAQ Stock Market: Mr. Callais and Mr. Waldo. Messrs. Callais (Chair) and Waldo serve on our Independent Directors Committee, which has the functions described in the Independent Directors Committee Charter, a copy of which was included with our 2025 proxy statement. These functions include being directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors, approving all compensation and benefits provided to, and any employment agreement with, an executive officer of our company, and approving related party transactions involving a director or executive officer or such other duties as may be assigned to it from time to time by our board of directors.

## Executive Compensation

### Summary Compensation Table

The following table provides summary information concerning compensation paid or accrued to our two principal executive officers and our other three most highly compensated executive officers during the fiscal year(s) during which they served as executive officers. Except as noted below, for fiscal years 2024 and 2025, none of these executive officers received perquisites, the aggregate value of which exceeded \$10,000.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Annual Salary</u>	<u>Long-term Incentive Payout</u>	<u>Bonus (1)</u>	<u>All Other Compensation</u>
John P. Conrad, Jr. <i>Executive Chairman of the Board</i>	2025	\$ 444,808	\$ -	\$ 392,000	\$ 14,868 (2,4)
	2024	435,000	-	210,750	12,673 (2)
Cecil A. Hernandez <i>President and Director, Chief Executive Officer</i>	2025	305,000	-	352,800	15,992 (2,4)
	2024	305,000	-	140,800	15,992 (2)
Daniel T. Conrad <i>Senior Vice President, Assistant Secretary</i>	2025	233,283	-	113,830	26,337 (3)
	2024	211,150	-	78,400	24,319 (3)
Scott A. Thomas <i>Senior Vice President, Chief Financial Officer, Treasurer and Secretary</i>	2025	269,615	-	178,870	13,861 (2)
	2024	250,000	-	90,000	12,299 (2)

- (1) 2025 represents bonuses paid in 2026 with respect to fiscal 2025; 2024 represents bonuses paid in 2025 with respect to fiscal 2024.
- (2) Represents amounts paid by us under our auto allowance program.
- (3) Represents \$9,331 paid by us under our 401(k) plan and \$17,006 paid by us under our auto allowance program in 2025. Represents \$8,446 paid by us under our 401(k) plan and \$15,873 paid by us under our auto allowance program in 2024.
- (4) As of May 2025, Mr. Hernandez was appointed as our Chief Executive Officer in connection with Mr. J. Conrad's transition to Executive Chairman.

### Annual and Long-Term Incentive Plans

We have established an annual incentive plan under which our key employees may be awarded cash bonuses based upon the achievement of certain performance goals. The payment of any bonuses is at the discretion of the Board, which may increase or decrease bonus amounts determined under the plan formulas. All bonuses paid to executive officers must be approved by the Independent Directors Committee. In 2026, the Committee approved cash bonuses under the plan, which were paid in 2026 with respect to 2025, to Mr. J. Conrad, \$392,000; Mr. Hernandez, \$352,800; Mr. Thomas, \$178,870; Mr. D. Conrad, \$113,830. In 2025, the Committee approved cash bonuses under the plan, which were paid in 2025 with respect to 2024, to Mr. J. Conrad, \$210,750; Mr. Hernandez, \$140,800; Mr. Thomas, \$90,000; Mr. D. Conrad, \$78,400.

### Directors' Compensation

Our directors who are employees do not receive any compensation for service on our Board of Directors or any committee. Our directors are, however, reimbursed for expenses incurred in connection with attending each Board and committee meeting. Our non-employee directors receive \$40,800 annually, plus \$1,350 for attendance at each Board of Directors meeting and \$500 for each committee meeting attended.

### Severance and Change in Control Agreements

On October 23, 2025, the Company entered into severance and change of control agreements with its four executive officers. The agreements provide that if the executive's employment is terminated by the Company without "cause" or by the executive for "good reason," the executive will receive (1) his target bonus prorated based on the number of days worked during the year ("pro-rata bonus"), (2) health and wellness benefits continuation for up to 24 months for the Executive Chairman and the President and Chief Executive Officer and up to 18 months for the other two executives, and (3) a lump sum cash payment equal to a multiple of the sum of the executive's salary and target bonus

of 2.0 times in the case of the President and Chief Executive Officer, 1.5 times in the case of the Chief Financial Officer and 1.0 times in the case of the Senior Vice President. If the executive's employment is terminated due to death or disability, the Company will pay the pro-rata bonus to him or his legal representative. In the event of a "change of control," for a two-year period thereafter, the executive is generally entitled to compensation and benefits at least as favorable as those in effect prior to the "change of control," subject to earlier termination of employment and (if applicable) receipt of the severance benefit described above. The agreements continue in effect through December 31, 2027 and are automatically extended for one year annually thereafter, unless 90 days prior notice is given to the executive.

### ***Long-Term Stock Incentive Plan***

On January 21, 2026, the Company's board of directors adopted the Company's 2026 Stock Incentive Plan (the "Plan"). The Plan authorizes the grant of various types of equity awards, such as restricted stock, restricted stock units ("RSUs"), stock options and stock appreciation rights, to eligible participants, which include the Company's employees, non-employee directors and consultants. The Plan is administered by the independent directors committee (the "Committee") of the Company's board of directors. As administrator of the Plan, the Committee has the authority to designate participants in the Plan, grant awards and determine the terms and conditions thereof. The Committee can also delegate its authority to one or more officers of the Company. A total of 300,000 shares of the Company's common stock have been reserved for issuance under the Plan.

***Restricted Stock Units (RSUs)***— RSUs are awards denominated in units of shares of the Company's common stock under which the issuance of such shares is subject to such conditions (including continued employment or service or performance conditions) and terms as Committee deems appropriate. Plan participants have no voting rights with respect to shares underlying RSUs, unless and until such RSUs vest.

As of February 27, 2026, a total of 191,648 RSUs have been granted under the Plan, including 86,741 time-based RSUs and 104,907 performance-based RSUs ("PSUs"). The time-based RSUs will vest on the third anniversary of the grant date. The performance period applicable to the PSUs granted in 2026 is January 1, 2026 through December 31, 2028 (the "Performance Period") and the number of PSUs granted to each recipient represents the target award (the "Target PSUs"). The actual number of PSUs earned by each recipient following the end of the Performance Period will range between 0%-150% of the applicable Target PSUs and will be determined based on the company's achievement of the applicable financial and safety performance metrics and goals established by the Committee. As of February 27, 2026, approximately 108,352 shares remain available for grant under the Plan.

### ***Indemnity Agreements***

We have also entered into indemnity agreements with all of our directors requiring us to indemnify and advance expenses to them in connection with their service to our company to the fullest extent permitted by law. The agreements also require us to maintain directors' and officers' liability insurance, unless it is not reasonably available or, in the reasonable business judgment of our directors, there is insufficient benefit to us from the insurance.

### ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

As of December 31, 2025, we had 5,017,935 shares of common stock outstanding. The following table presents certain information, as of December 31, 2025, regarding the beneficial ownership of our common stock by:

- each person who is known by us to beneficially own more than five percent of our outstanding shares of common stock;
- each of our directors;
- the executive officers included in our executive compensation table; and
- all of our current directors and executive officers as a group.

Except as described below, each of the persons listed in the table has sole voting and investment power with respect to the shares listed.

<u>Beneficial Owner</u>	<u>Number of Shares</u>	<u>% of Total Outstanding</u>
John P. Conrad, Jr.....	991,375	19.8%
Minerva Group LP.....	527,213	10.5%
SFH InvestCo LLC (1).....	521,634	10.4%
Johnny & Mary Lou Conrad Family LLC (2).....	260,816	5.2%
Johnny & Mary Lou Conrad 2009 Trust (2).....	255,600	5.1%
Cecil A. Hernandez .....	50,968	1.0%
Daniel T. Conrad (3).....	11,454	0.2%
Scott A. Thomas (4).....	1,000	*
Larry J. Callais.....	-	*
John R. Waldo.....	-	*
All directors and executive officers as a group (6 persons).....	1,054,797	21.0%

\*Less than one percent.

- (1) Katherine C. Court as co-manager; James K. Court as co-manager and sole member.
- (2) Edward Leonard and John P. Armato serve as Co-Trustees.
- (3) Daniel T. Conrad as TTEE of Shares A B & C of Parker & Shirley Conrad 2001 Great Grandchildren’s Trust; 1,200 held in name of Daniel T. Conrad.
- (4) Linda M. Thomas Usufruct; Scott A. Thomas and Michele T. Boustany Naked Owners.

***Certain Relationships and Related Transactions***

We purchase in the ordinary course of business certain components from Johnny’s Propeller Shop, Inc. (“JPS”), a company wholly owned indirectly by John P. Conrad, Jr., Executive Chairman of the Board of Directors, and members of his immediate family. Total purchases for the three years ended December 31, 2025, 2024, and 2023 were \$3,951,000, \$3,363,000, and \$1,457,000, respectively. In addition, John P. Conrad Jr.’s son has an ownership interest in Power Panels, LLC (“PP”), a company from which we purchased electrical components totaling \$1,279,000, \$761,000, and \$904,000 for the years ended December 31, 2025, 2024, and 2023, respectively. These transactions were approved by the Independent Directors Committee.

***Financial Statements and Quarterly Financial Data***

Our audited Financial Statements for the year ended December 31, 2025 are included as an attachment to this Annual Report.

## 2025 Quarterly Results of Operations

	Quarters ended							
	March 31, 2025		June 30, 2025		September 30, 2025		December 31, 2025	
Financial Data:								
Revenue								
Vessel construction	\$ 73,387	91.2%	\$ 84,302	92.2%	\$ 76,398	91.4%	\$ 67,648	93.9%
Repair and conversions	<u>7,096</u>	8.8%	<u>7,180</u>	7.8%	<u>7,154</u>	8.6%	<u>4,383</u>	6.1%
Total revenue	<u>80,483</u>	100.0%	<u>91,482</u>	100.0%	<u>83,552</u>	100.0%	<u>72,031</u>	100.0%
Cost of revenue								
Vessel construction	67,287	91.7%	77,107	91.5%	68,682	89.9%	\$ 59,159	87.5%
Repair and conversions	<u>6,170</u>	87.0%	<u>6,330</u>	88.2%	<u>5,708</u>	79.8%	<u>4,231</u>	96.5%
Total cost of revenue	<u>73,457</u>	91.3%	<u>83,437</u>	91.2%	<u>74,390</u>	89.0%	<u>63,390</u>	88.0%
Gross profit/(loss)								
Vessel construction	6,100	8.3%	7,195	8.5%	7,716	10.1%	8,489	12.5%
Repair and conversions	<u>926</u>	13.0%	<u>850</u>	11.8%	<u>1,446</u>	20.2%	<u>152</u>	3.5%
Total gross profit/(loss)	7,026	8.7%	8,045	8.8%	9,162	11.0%	8,641	12.0%
S G & A expenses	<u>2,160</u>	2.7%	<u>2,119</u>	2.3%	<u>1,993</u>	2.4%	<u>2,486</u>	3.5%
Income/(loss) from operations	4,866	6.0%	5,926	6.5%	7,169	8.6%	6,155	8.5%
Interest expense	(44)	-0.1%	(82)	-0.1%	(18)	0.0%	(265)	-0.4%
Other income/(expense), net	<u>350</u>	0.4%	<u>1,898</u>	2.1%	<u>111</u>	0.1%	<u>292</u>	0.4%
Income/(loss) before income taxes	5,172	6.4%	7,742	8.5%	7,262	8.7%	6,182	8.6%
Provision/(benefit) for income taxes	<u>1,302</u>	1.6%	<u>1,924</u>	2.1%	<u>1,784</u>	2.1%	<u>1,473</u>	2.0%
Net income/(loss)	<u>\$ 3,870</u>	4.8%	<u>\$ 5,818</u>	6.4%	<u>\$ 5,478</u>	6.6%	<u>\$ 4,709</u>	6.5%
EBITDA	<u>\$ 6,143</u>	7.6%	<u>\$ 8,749</u>	9.6%	<u>\$ 8,229</u>	9.8%	<u>\$ 7,427</u>	10.3%
Net cash provided by/(used in)								
operating activities	<u>\$ 13,585</u>		<u>\$ 11,765</u>		<u>\$ (620)</u>		<u>\$ (14,291)</u>	
Net cash used in investing activities	<u>\$ (453)</u>		<u>\$ (1,142)</u>		<u>\$ (2,082)</u>		<u>\$ (861)</u>	
Net cash used in financing activities	<u>\$ (375)</u>		<u>\$ (375)</u>		<u>\$ (375)</u>		<u>\$ (375)</u>	

## Supplemental Selected Quarterly Financial Data

Consolidated operating results for the four quarters of 2025 and 2024 were as follows (in thousands, except per share data):

	Quarters Ended			
	March 31,	June 30,	September 30,	December 31,
<b>Fiscal 2025</b>				
Revenue	\$ 80,483	\$ 91,482	\$ 83,552	\$ 72,031
Gross profit	7,026	8,045	9,162	8,641
Net income	3,870	5,818	5,478	4,709
Net income per share:				
Basic & diluted	0.77	1.16	1.09	0.94
<b>Fiscal 2024</b>				
Revenue	\$ 66,279	\$ 85,344	\$ 73,922	\$ 77,865
Gross profit	3,478	5,491	3,552	7,052
Net income	1,513	2,232	7,495	(14)
Net income/(loss) per share:				
Basic & diluted	0.30	0.44	1.49	(0.00)

**Section III**

**CONRAD INDUSTRIES, INC.  
AND SUBSIDIARIES**

Consolidated Financial Report

December 31, 2025

## TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Shareholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-22



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders  
of Conrad Industries, Inc. and Subsidiaries  
Morgan City, Louisiana

### **Opinion**

We have audited the accompanying consolidated financial statements of Conrad Industries, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years ended December 31, 2025, 2024, and 2023, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Conrad Industries, Inc. and Subsidiaries as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years ended December 31, 2025, 2024, and 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Conrad Industries, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Conrad Industries, Inc. and Subsidiaries ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Conrad Industries, Inc. and Subsidiaries internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conrad Industries, Inc. and Subsidiaries ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

March 10, 2026

## CONRAD INDUSTRIES, INC. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

<u>ASSETS</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 27,537	\$ 23,136
Contracts receivable, net	20,546	33,620
Costs and estimated gross profit in excess of billings on contracts in progress	31,919	32,293
Inventories	7,355	2,244
Other receivables	1,084	1,086
Other current assets	8,103	13,811
Total current assets	96,544	106,190
PROPERTY, PLANT AND EQUIPMENT, net	41,961	41,203
OTHER ASSETS	1,265	1,070
<b>TOTAL ASSETS</b>	<b>\$ 139,770</b>	<b>\$ 148,463</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 8,831	\$ 12,962
Accrued employee costs	6,553	4,663
Accrued expenses	1,735	3,696
Current maturities of long-term debt	1,375	1,500
Billings in excess of costs and estimated gross profit on contracts in progress	17,521	40,853
Total current liabilities	36,015	63,674
LONG-TERM DEBT, less current maturities	-	1,375
DEFERRED INCOME TAXES	1,569	1,283
OTHER NON-CURRENT LIABILITIES	916	736
Total liabilities	38,500	67,068
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized, no shares issued	-	-
Common stock, \$0.01 par value 20,000,000 shares authorized, 7,314,837 issued as of December 31, 2025 and December 31, 2024	73	73
Additional paid-in capital	29,104	29,104
Treasury stock at cost, 2,296,902 shares as of December 31, 2025 and December 31, 2024	(38,892)	(38,892)
Retained earnings	110,985	91,110
Total shareholders' equity	101,270	81,395
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 139,770</b>	<b>\$ 148,463</b>

See independent auditor's report and notes to consolidated financial statements.

**CONRAD INDUSTRIES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

	Years Ended December 31,		
	2025	2024	2023
REVENUE	\$ 327,548	\$ 303,410	\$ 239,774
COST OF REVENUE	294,674	283,837	269,099
GROSS PROFIT/(LOSS)	32,874	19,573	(29,325)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,758	7,380	7,500
INCOME/(LOSS) FROM OPERATIONS	24,116	12,193	(36,825)
INTEREST EXPENSE	(409)	(199)	(230)
OTHER INCOME/(EXPENSE), NET	2,651	6,611	730
INCOME/(LOSS) BEFORE INCOME TAXES	26,358	18,605	(36,325)
PROVISION/(BENEFIT) FOR INCOME TAXES	6,483	7,379	(9,297)
NET INCOME/(LOSS)	\$ 19,875	\$ 11,226	\$ (27,028)
Income/(Loss) Per Share			
Basic and Diluted	\$ 3.96	\$ 2.24	\$ (5.39)
Weighted Average Common Shares Outstanding			
Basic and Diluted	5,018	5,018	5,018

See independent auditor's report and notes to consolidated financial statements.

**CONRAD INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(In thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Total
	Shares	Amount		Shares	at Cost		
BALANCE—December 31, 2022	7,315	\$ 73	\$ 29,104	2,297	\$ (38,892)	\$ 106,912	\$ 97,197
Purchase of treasury stock	-	-	-	-	-	-	-
Stock issued	-	-	-	-	-	-	-
Dividends on common stock	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(27,028)	(27,028)
BALANCE—December 31, 2023	7,315	\$ 73	\$ 29,104	2,297	\$ (38,892)	\$ 79,884	\$ 70,169
Purchase of treasury stock	-	-	-	-	-	-	-
Stock issued	-	-	-	-	-	-	-
Dividends on common stock	-	-	-	-	-	-	-
Net income	-	-	-	-	-	11,226	11,226
BALANCE—December 31, 2024	7,315	\$ 73	\$ 29,104	2,297	\$ (38,892)	\$ 91,110	\$ 81,395
Purchase of treasury stock	-	-	-	-	-	-	-
Stock issued	-	-	-	-	-	-	-
Dividends on common stock	-	-	-	-	-	-	-
Net income	-	-	-	-	-	19,875	19,875
BALANCE—December 31, 2025	7,315	\$ 73	\$ 29,104	2,297	\$ (38,892)	\$ 110,985	\$ 101,270

See independent auditor's report and notes to consolidated financial statements.

**CONRAD INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	<b>Year Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income/(loss)	\$ 19,875	\$ 11,226	\$ (27,028)
Adjustments to reconcile net income/(loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	3,781	4,050	5,076
Deferred provision/(benefit) for income tax	5,913	4,276	(9,297)
(Gain)/loss on sale of assets	6	2	5
Changes in assets and liabilities:			
Contracts receivable	13,074	(13,732)	(15,266)
Net change in billings related to cost and estimated gross profit on contracts in progress	(22,958)	(21,806)	33,904
Inventory and other assets	(5,231)	1,744	28,985
Accounts payable, accrued expenses and other liabilities	(4,021)	3,097	3,769
Net cash provided by/(used in) operating activities	<u>10,439</u>	<u>(11,143)</u>	<u>20,148</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures for plant and equipment	(4,548)	(2,690)	(1,763)
Proceeds from sale of assets	10	1	-
Net cash used in investing activities	<u>(4,538)</u>	<u>(2,689)</u>	<u>(1,763)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal repayments of debt	(1,500)	(1,625)	(1,375)
Net cash used in financing activities	<u>(1,500)</u>	<u>(1,625)</u>	<u>(1,375)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,401	(15,457)	17,010
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>23,136</u>	<u>38,593</u>	<u>21,583</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 27,537</u>	<u>\$ 23,136</u>	<u>\$ 38,593</u>
<b>SUPPLEMENTAL DISCLOSURES CASH FLOW INFORMATION:</b>			
Interest paid, net of capitalized interest	<u>\$ 409</u>	<u>\$ 199</u>	<u>\$ 230</u>
Taxes paid	<u>\$ 2,239</u>	<u>\$ 220</u>	<u>\$ 280</u>

See independent auditor's report and notes to consolidated financial statements.

# CONRAD INDUSTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization and Basis of Presentation**—The consolidated financial statements include the accounts of Conrad Industries, Inc. and its wholly-owned subsidiaries (the “Company”) which are primarily engaged in the construction, conversion and repair of a variety of steel marine vessels for commercial and governmental customers. New construction work and some repair work are performed on a fixed-price basis. The Company performs a significant amount of our repair work under time and materials agreements. All significant intercompany transactions have been eliminated.

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Changes in Accounting Principles**—At the beginning of 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments – Credits Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company’s financial statements, but did change how the allowance for credit losses is determined.

In January 2022, the Company adopted Accounting Standards Update No. 2016-02, *Leases* (“Topic 842”). The new accounting standard requires the recognition on the balance sheet of right-of-use assets and leases liabilities for all leases having an original term of longer than twelve months. In our adoption, the Company elected the optional transition method that allows the Company to apply the provisions of the standard at the effective date without adjusting the comparative prior periods. As allowed under the new accounting standard, the Company also elected certain practical expedients provided by the new standard, including not recording an asset or liability for leases having a term of twelve months or less. The lease asset is reflected within other noncurrent assets, and the current and noncurrent portions of the lease liability are reflected within accrued expenses and other noncurrent liabilities, respectively, on our Balance Sheet. See Note 6 for further discussion of our adoption of this standard and our lease assets and liabilities.

The Company has implemented processes and a lease accounting system to ensure adequate internal controls were in place to assess our contracts and enable proper accounting and reporting of financial information upon adoption.

**Revenue and Cost Recognition**—We are engaged in various types of construction under long-term construction contracts. In the process of performing construction contracts with our customers, the Company considers each contract to be one performance obligation, unless the circumstances dictate otherwise. Revenue is recognized as the work is performed over time and it is arrived at by determining the amount of labor hours incurred to date as it relates to total estimated labor hours after giving effect to the most recent estimates of labor hours to complete. This method is used because management considers expended labor hours to be the best available measure of progress on these contracts. Revenues from time and materials agreements are recognized on the basis of cost incurred during the period plus the fee earned.

Contract costs include all direct material, labor, and subcontracting costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, depreciation, and insurance costs. Revisions in estimates of cost and earnings during the course of the work are reflected in the accounting period in which

the facts which require the revision become known. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The Company provides warranties for the work we perform for periods ranging from six-months to twelve-months. We generally do not warrant machinery and equipment furnished by other manufacturers that become part of the vessels we build, convert, or repair. The machinery and equipment manufacturers' warranties are passed on to our customers. The warranty exposure for our workmanship, which is subject to our internal quality control programs as well as inspection by governmental agencies and customer representatives, is normally less than one percent of cost of revenue. This potential warranty exposure is recorded as a cost of the job.

Indirect costs are allocated to contracts and to certain inventory and capital projects on the basis of direct labor charges.

**Cash and Cash Equivalents**—Cash and cash equivalents include cash on hand, and on deposit. Short-term investments with original maturities of less than three months are also considered cash and cash equivalents because they can be easily liquidated without penalties.

**Contract Receivables**—Contracts receivables are carried at the outstanding amount due less an allowance for credit losses, if an allowance is deemed necessary. Allowances for credit losses are established when there is a basis to doubt the full collectability of the contracts receivable. On a periodic basis, the company evaluates its contracts receivable and determines the requirement for an allowance, based on its history of past write-offs, collections and current conditions. When a contract receivable is ultimately determined to be uncollectible and due diligence for collections has taken place, the contract receivable is written off.

**Property, Plant and Equipment**—Property, plant and equipment is stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the individual assets which range from three to forty years. Ordinary maintenance and repairs which do not extend the physical or economic lives of the plant or equipment are charged to expense as incurred.

**Interest Capitalization**—Interest costs for the construction of certain long-term assets are capitalized and amortized over the related assets' estimated useful lives. During the years ended December 31, 2025, 2024, and 2023, no interest costs were capitalized.

**Impairment of Long-Lived Assets**—Long-lived assets held and used by us are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We assess the recoverability of long-lived assets by determining whether the carrying values can be recovered through undiscounted net cash flows expected to result from such operations and assets over their remaining lives. If impairment is indicated, the asset is written down to its fair value, or if fair value is not readily determinable, to its estimated discounted net cash flows. There was no impairment at December 31, 2025.

**Inventories**—At December 31, 2025, inventories consisted of two stock vessels, steel plate and structurals, and excess job related materials and supplies. At December 31, 2024, inventories consisted of steel plate and structurals, and excess job related materials and supplies. Inventories are stated at the lower of cost or market (first-in, first-out basis). For the year ended December 31, 2023, inventories related to stock vessels were adjusted to market value through write-downs within cost of revenue of \$0.4 million.

**Basic and Diluted Net Income Per Share**—Basic net income per share is computed based on the weighted average number of common shares outstanding during the period. Diluted net income per share uses the weighted average number of common shares outstanding adjusted for the incremental shares attributable to dilutive outstanding options to purchase common stock. The Company did not have any dilutive outstanding options for the years ended December 31, 2025, 2024, and 2023.

**Fair Value of Financial Instruments**—The carrying amounts of our financial instruments including cash and cash equivalents, receivables and payables approximate fair value at December 31, 2025 and December 31, 2024.

**Income Taxes**—Income taxes are accounted for using the asset and liability method. Deferred income taxes are provided for the tax effect of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements at the enacted statutory rate to be in effect when the taxes are paid.

In July 2006, the FASB issued ASC 740-10-50, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109*, which clarifies the accounting and disclosure for uncertain tax positions, as defined. ASC 740-10-50 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. On January 1, 2007, we adopted the provisions of ASC 740-10-50. Based on our evaluation, we have concluded that there are no significant uncertain tax positions requiring recognition in our financial statements.

**Subsequent Events**—In May 2009, the FASB issued ASC 855, Subsequent Events which establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This is effective for financial periods ending after June 15, 2009. We have evaluated events subsequent to the balance sheet date through March 16, 2026, the date the financial statements were available to be issued, and determined that any events or transactions occurring during that period that would require recognition or disclosure are addressed in these financial statements.

**Combined Contract**—The Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period.

**Uninstalled Materials**—When the Company determines there are uninstalled materials on a contract, the Company recognizes revenue for the transfer of the goods but only in the amount equal to the percentage of labor hours incurred to date as it relates to total estimates.

**Multiple Performance Obligations**—Some of the Company's contracts may have multiple performance obligations, most commonly due to the contract covering multiple phases of a project. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation using the Company's best estimate of the standalone selling price of each distinct good in the contract.

**Transaction Price**—The nature of the Company's contracts gives rise to several types of variable consideration, including claims, awards and incentive fees. The Company includes in the contract estimates of additional revenue for submitted contract modifications or claims against the customer when the Company believes it has an enforceable right to the modification or claim, the amount can be estimated reliably and its realization is probable. In evaluating these criteria, the Company considers the contractual/legal basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the claim. The Company includes award or incentive fees in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee. These estimates are based on historical award experience, anticipated performance and the Company's best judgment at the time. Because of certainty in estimating these amounts, they are included in the transaction price of the contracts and the associated remaining performance obligations.

**Contract Modifications**—Contract modifications are routine in the performance of the Company's contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for goods that are not distinct, and, therefore, are accounted for as part of the existing contract.

**Advertising**—Advertising costs are expensed as incurred and are included in selling, general and administrative expenses. For the years ended December 31, 2025, 2024, and 2023 advertising expense was \$99,000, \$110,000, and \$113,000, respectively.

## 2. CONTRACTS RECEIVABLES

Receivables consisted of the following at December 31, 2025 and December 31, 2024 (in thousands):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Completed Contracts and Repairs	\$ 7,387	\$ 4,943
Contracts in Progress	13,259	28,777
	20,646	33,720
Less: Allowance for Credit Losses	(100)	(100)
	<u>\$ 20,546</u>	<u>\$ 33,620</u>

Included above in amounts billed is an allowance for credit losses of \$100,000 at both December 31, 2025 and 2024. Unbilled costs and estimated earnings on uncompleted contracts were not billable to customers at the balance sheet dates under terms of the respective contracts. Of the unbilled costs and estimated earnings at December 31, 2025, the majority is expected to be collected within the next twelve months.

The Company had the following activity for its allowance for credit losses for contracts receivable for the years ended December 31, 2025 and December 31, 2024:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Beginning balance	\$ 100	\$ 216
Provision / (benefit) for expected credit losses	29	(116)
Write-offs	(29)	-
Ending balance	<u>\$ 100</u>	<u>\$ 100</u>

In February 2023, we were awarded a \$7.49 million judgment in a suit we filed in 2019 against a customer that defaulted on contracts to construct two vessels. The judgment was appealed to the United States Court of Appeals for the Fifth Circuit and on February 23, 2024, the judgment was affirmed and we realized the amount of \$8.04 million, including interest and costs. Receipt of the judgment amount is reflected in our 2024 financial statements.

Costs and estimated gross profit on construction contracts in progress in excess of related billings as of December 31, 2025 and December 31, 2024 are as follows (in thousands):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Costs incurred to date on contracts in progress	\$ 221,595	\$ 293,337
Estimated gross income/(loss) to date	<u>5,499</u>	<u>(12,352)</u>
Contracts revenue earned to date	227,094	280,985
Less billings to date	<u>(212,696)</u>	<u>(289,545)</u>
Revenue earned over billings/(excess of billings over revenue earned)	<u><u>\$ 14,398</u></u>	<u><u>\$ (8,560)</u></u>

The revenue earned over billings are included in the accompanying balance sheets under the following captions (in thousands):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Costs and estimated gross profit in excess of billings on contracts in progress	\$ 31,919	\$ 32,293
Billings in excess of cost and estimated gross profit on contracts in progress	<u>(17,521)</u>	<u>(40,853)</u>
Net excess of revenue earned over billings	<u><u>\$ 14,398</u></u>	<u><u>\$ (8,560)</u></u>

The revenue in excess of billings primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The revenue in excess of billings balances are transferred to receivables when the rights become unconditional. The billings in excess of revenue primarily relate to the advance consideration received from customers, for which revenue has not yet been recognized.

Significant changes in revenue in excess of billings and billings in excess of revenue balances during the period are as follows:

	<b>Revenue in Excess of Billings</b>	<b>Billings in Excess of Revenue</b>
Balance, December 31, 2024	\$ 32,293	\$ 40,853
Revenue recognized that was included in contract liability balance at the beginning of the period	-	(23,511)
Increases due to cash received, excluding amounts recognized as revenue during the period	-	179
Increases due to revenue recognized prior to billings	18,253	-
Transferred to receivables from revenue in excess recognized at the beginning of the period	<u>(18,627)</u>	<u>-</u>
Balance, December 31, 2025	<u><u>\$ 31,919</u></u>	<u><u>\$ 17,521</u></u>

Pursuant to SOP 81-1, Paragraph 85-89 (ASC 605-35), when the current estimates of total contract revenue and contract cost indicate a loss, a provision for the entire loss on the contract should be made in the period it became evident. The provision for the loss should be recorded as an additional contract cost in the income statement. The offsetting liability can be recorded on the balance sheet where related contract costs are accumulated on the balance sheet, in which case the provision may be deducted from the related accumulated costs. The Company recorded total charges of \$8.5 million for the twelve months ended December 31, 2025 (\$14.7 million in 2024 and \$33.5 million in 2023) in cost of revenues to reflect revised estimates related to anticipated losses on certain uncompleted vessels in progress. The offsetting credit was recorded in costs and estimated earnings, net in excess of billings on uncompleted contracts. As of December 31, 2025 and December 31, 2024, approximately \$19.7 million and \$24.9 million, respectively, of this provision are included in costs and estimated earnings, net in excess of billings on uncompleted contracts.

### 3. CONTRACT BACKLOG

The following schedule is a reconciliation of contract backlog (remaining performance obligations) representing approved contracts as of December 31, 2025 (in thousands):

Balance, January 1, 2025	\$	293,805
Contract adjustments and new contracts awarded		<u>246,633</u>
Subtotal		540,438
Less contract revenue earned		<u>(326,584)</u>
Balance, December 31, 2025	\$	<u><u>213,854</u></u>

The entity will recognize this revenue as the contracts are completed, which is expected to occur over the next twelve to fifty-two months.

Contract backlog does not include amounts considered variable consideration that are constrained based on the Company's assessment of probability of significant reversal.

### 4. OTHER RECEIVABLES

Other receivables consisted of the following at December 31, 2025 and December 31, 2024 (in thousands):

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Income tax refund	\$ 1,084	\$ 1,086
Total	<u>\$ 1,084</u>	<u>\$ 1,086</u>

Substantially all of these amounts at December 31, 2025 are expected to be collected within the next twelve months.

Included on the balance sheet at December 31, 2024, in other receivables, was an income tax refund for a 2017 net operating loss carryback to tax year 2015 totaling \$1.1 million. In May 2025, we finalized a settlement with the IRS on tax years 2014 and 2015 on research and development credits. The remaining IRS receivable of \$1.1 million related to tax year 2017 net operating loss carryback to tax year 2015 remained open at year end 2025. Subsequent to year end, we received payment from the IRS in the amount of \$1.34 million in full settlement of this receivable, plus accrued interest, in March 2026.

On July 5, 2024, the Company entered into a promissory note and security agreement with a customer, with an original amount of \$2,211,000 payable in two monthly payments of \$50,000 plus accrued interest and a third final payment of \$2,111,000 plus accrued interest due on December 31, 2024. On December 31, 2024, the receivable was deemed uncollectible and was written off for \$2,111,000 plus accrued interest of \$35,190. As of December 31, 2024, the notes receivable balance was \$0. In May 2025, a recovery in the amount of \$1,478,000 was received and is reflected in our 2025 financials.

## 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31, 2025 and December 31, 2024 (in thousands):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Land	\$ 12,832	\$ 12,832
Buildings and improvements	74,459	72,278
Machinery and equipment	38,014	36,276
Drydocks and bulkheads	16,670	16,670
Barges and boats	1,022	1,022
Office and automotive	2,235	2,001
Construction in progress	1,227	1,665
	<u>146,459</u>	<u>142,744</u>
Less accumulated depreciation	<u>(104,498)</u>	<u>(101,541)</u>
	<u>\$ 41,961</u>	<u>\$ 41,203</u>

Depreciation is provided on property, plant and equipment based on the following estimates of useful lives:

	<b>Useful Lives</b>
Land	N/A
Buildings and improvements	3-40 years
Machinery and equipment	5-12 years
Drydocks and bulkheads	3-30 years
Barges and boats	10-15 years
Office and automotive	3-12 years
Construction in progress	N/A

Building and improvements include buildings (40-year useful life), fencing, roadways, parking lots, concrete work areas, material storage racks and shelving, launch systems, and storage lockers (5-year useful life). Drydocks and bulkheads include drydocks (30 year useful life), bulkheads, pontoons, and blocking systems (5-year useful life).

## 6. LEASES

The Company leases office space and equipment under operating leases with various expiration dates. As discussed further in Note 1-Changes in Accounting Principles, we adopted ASU 2016-02, "Leases" in the first quarter of 2022. A number of the leases include one or more options to renew the lease terms or terminate the lease. The exercise of these options is at the Company's discretion and is therefore recognized on the balance sheet when it is reasonably certain the Company will exercise such options. As the Company's leases typically do not contain a readily determinable implicit rate, the Company determines the present value of the lease liability using its incremental borrowing rate at the lease commencement date.

Future minimum payments under leases having initial terms of more than twelve months are as follows (in thousands):

	<b>Minimum Payments</b>
2026	\$ 441
2027	370
2028	234
2029	128
2030	115
Thereafter	210
Total lease payments	<u>\$ 1,498</u>
Less: imputed interest	<u>(227)</u>
Present value of lease liabilities	<u><u>\$ 1,271</u></u>

The following table summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2025 and December 31, 2024 (in thousands):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Operating lease right-of-use assets	<u>\$ 1,271</u>	<u>\$ 1,055</u>
Current portion of operating lease liabilities	355	319
Non-current portion of operating lease liabilities	<u>916</u>	<u>736</u>
Total operating lease liabilities	<u><u>\$ 1,271</u></u>	<u><u>\$ 1,055</u></u>

The operating lease right-of-use assets are reflected within other noncurrent assets, and the current and noncurrent portions of the operating lease liabilities are reflected within accrued expenses and other noncurrent liabilities, respectively, on our balance sheet. Total components of operating lease expenses for leases that are included as lease expense in the statement of operations and cash paid for interest and lease expenses for the years ended December 31, 2025 and 2024 were \$442,000 and \$333,000, respectively. Weighted average lease term and discount rate as of December 31, 2025 were 4.5 years and 8.1%, respectively, and as of December 31, 2024 were 3.1 years and 8.5%, respectively.

## 7. INSURANCE FINANCING

Included in the balance sheet in accrued expenses was insurance financing with IPFS Corporation effective June 1, 2024, with an original amount of \$1.5 million, payable in ten monthly payments of \$157,000. As of December 31, 2025, there was no payable balance; as of December 31, 2024, the payable balance was \$449,000.

## 8. LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2025 and December 31, 2024 (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Term loan - Bank, 3.5% due November 21, 2026	\$ 1,375	\$ 2,875
Less current maturities	<u>(1,375)</u>	<u>(1,500)</u>
	<u>\$ -</u>	<u>\$ 1,375</u>

The Company and its subsidiaries entered into a loan agreement on November 21, 2016, providing for a \$15 million term loan and a \$10 million revolving credit facility. Pursuant to an amendment effective as of January 31, 2025, the maturity of the revolving credit facility was extended to April 30, 2025, then pursuant to an amendment effective February 28, 2025, the maturity of the revolving credit facility was extended to May 31, 2026. Borrowings on the revolving credit facility may not exceed the lesser of \$10 million or 80% of eligible accounts. The interest rate on the line of credit is one-month Term SOFR, plus 2.5% subject to a 3.5% floor, with an initial rate of 6.875%. The line of credit, as amended, has a sublimit of up to \$10 million for letters of credit. At December 2025, one \$1 million letter of credit was committed against the facility, and it expires on August 14, 2026, reducing the availability on the credit facility to the lesser of \$9.0 million or 80% of eligible accounts. At December 31, 2024, one \$5 million letter of credit was committed against the facility, and it expired on August 31, 2025. The term loan has a 120-month amortization, a 3.5% fixed interest rate, and can be prepaid without penalty at any time. The loans are secured by accounts receivable, deposit accounts and chattel paper, and by two dry-docks. The loan agreement contains restrictions on mergers and liens on the collateral and the capital stock of our subsidiaries. Subject to compliance with financial covenants, the loan agreement does not restrict our ability to pay dividends, repurchase shares of common stock, or incur additional indebtedness. Effective as of June 30, 2025, the Company must comply with the following financial covenants at the end of each fiscal quarter: (i) total liabilities to tangible net worth of no greater than 1.25 to 1.00, (ii) debt service coverage ratio of not less than 1.25 to 1.00, and (iii) current assets to current liabilities of not less than 1.0 to 1.0.

## 9. SHAREHOLDERS' EQUITY

### *Dividends*

The declaration of future dividends is at the discretion of the Company's board of directors (the "Board") each quarter, and will depend upon the Company's financial performance, cash requirements, outlook and other factors deemed relevant by the Board.

### *Treasury Stock*

In August 2010, the Board authorized management to repurchase up to \$5.0 million of its outstanding common stock. The stock repurchase plan did not obligate management to acquire any particular amount of common stock, did not have an expiration date and could be amended or terminated at any time without prior notice. In 2014, the Board increased the amount authorized under the plan, up to \$20 million. In May 2025, the Board re-authorized the \$1.0 million remaining available under the program and authorized an additional \$1.0 million for repurchases under the program. No shares were purchased under the program in 2023, 2024 and 2025. Since 2010, the Company has repurchased 1,447,347 shares of common stock. As of December 31, 2025, \$2.0 million remained available under the stock repurchase program.

### *Income per Share*

The calculation of basic earnings per share excludes any dilutive effect of stock options, while diluted earnings per share includes the dilutive effect of stock options. The number of weighted average shares outstanding for

“basic” income per share was 5,017,935 for each of the years ended December 31, 2025, 2024 and 2023. For the years ended December 31, 2025, 2024, and 2023 there were no stock options outstanding.

*Stockholders’ Rights Plan*

During May 2002, we adopted a stockholders’ rights plan (as amended, the “Rights Plan”), which was amended in May 2012 and May 2022. The Rights Plan is intended to protect stockholder interests in the event we become the subject of a takeover initiative that the Board believes could deny our stockholders the full value of their investment. The adoption of the Rights Plan was intended as a means to guard against abusive takeover tactics and was not in response to any particular proposal. The Rights Plan does not prohibit the Board from considering any offer that it considers advantageous to stockholders.

Under the Rights Plan, we declared and paid a dividend on June 18, 2002 of one right for each share of our common stock held by stockholders of record on June 11, 2002. As amended, each right initially entitles our stockholders to purchase one one-thousandth of a share of our preferred stock for \$70 per right, subject to adjustment. However, if a person acquires, or commences a tender offer that would result in ownership of, 15 percent or more of our outstanding common stock while the Rights Plan remains in place, then, unless we redeem the rights for \$0.001 per right, the rights will become exercisable by all rights holders except the acquiring person or group for shares of common stock or of the acquiring person having a market value of twice the purchase price of the rights.

The rights will expire on May 23, 2032, unless redeemed or exchanged at an earlier date. The rights trade with shares of our common stock and have no impact on the way in which our shares are traded. There are currently no separate certificates evidencing the rights, and there is no market for the rights.

**10. EMPLOYEE BENEFITS**

We have a 401(k) plan that covers all employees who meet certain eligibility requirements. Contributions to the 401(k) plan by us are made at the discretion of the Board. Contribution expense related to the 401(k) plan was \$978,000, \$853,000 and \$872,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

**11. INCOME TAXES**

We have provided for federal and state income taxes as follows (in thousands):

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current provision	\$ 570	\$ 3,103	\$
Deferred (benefit) provision	<u>\$ 5,913</u>	<u>\$ 4,276</u>	<u>\$ (9,297)</u>
Total	<u>\$ 6,483</u>	<u>\$ 7,379</u>	<u>\$ (9,297)</u>

Our provision for income taxes for years 2011 through 2015 included income tax benefits as a result of research and development tax credits. In May 2025, we finalized a settlement with the IRS on tax year 2014 and 2015 on research and development credits. The remaining IRS receivable of \$1.1 million related to tax year 2017 net operating loss carryback to tax year 2015 remained open at year end 2025. Subsequent to year end, we received payment from the IRS in the amount of \$1.34 million in full settlement of this receivable, plus accrued interest, in March 2026.

State income taxes included above are not significant for the periods presented.

The provision for income taxes varied from the federal statutory income tax rate due to the following (in thousands):

	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Taxes/(benefits) at Federal statutory rate	\$ 5,535	21.0	\$ 3,907	21.0	\$ (7,628)	21.0
Non-deductible other expenses net of non-reportable income	100	0.4	68	0.4	85	(0.2)
R&D credit adjustment	-	-	2,566	13.8	-	-
State income taxes/(benefits)	848	3.2	838	4.5	(1,754)	4.8
Total	<u>\$ 6,483</u>	<u>24.6</u>	<u>\$ 7,379</u>	<u>39.7</u>	<u>\$ (9,297)</u>	<u>25.6</u>

Deferred income taxes represent the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The tax effects of significant items comprising our net deferred tax balances at December 31, 2025 and December 31, 2024 are as follows (in thousands):

	2025	2024
Deferred tax liabilities:		
Differences between book and tax basis of property, plant and equipment	\$ 1,569	\$ 1,283
	<u>1,569</u>	<u>1,283</u>
Deferred tax assets (included in other current assets):		
Contracts in progress	5,353	12,850
Accrued expenses and net operating losses not currently deductible	(11,845)	(24,968)
	<u>(6,492)</u>	<u>(12,118)</u>
Net deferred tax assets	<u>\$ (4,923)</u>	<u>\$ (10,835)</u>

## 12. SALES TO MAJOR CUSTOMERS

Sales to various customers that amounted to 10 percent or more of our total revenues for the three years ended December 31, 2025, 2024 and 2023 are summarized as follows (in thousands):

	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Customer A	47,975	15%	43,156	14%	48,763	20%
Customer B	32,438	10%	30,848	10%	3,905	2%
Customer C	21,580	7%	57,628	19%	38,173	16%
Customer D	2,861	1%	1,425	0%	29,172	12%
Customer E	-	0%	30,736	10%	7,662	3%

### **13. RELATED PARTY TRANSACTIONS**

We purchase in the ordinary course of business certain components from Johnny's Propeller Shop, Inc., a company wholly owned indirectly by John P. Conrad, Jr., Executive Chairman of the Board and members of his immediate family. Total purchases for the three years ended December 31, 2025, 2024 and 2023 were \$4.0 million, \$3.4 million and \$1.5 million, respectively. In addition, John P. Conrad Jr.'s son, who is not involved in the Company, has an ownership interest in a business from which we purchased electrical components totaling \$1.3 million, \$761,000 and \$904,000 for the years ended December 31, 2025, 2024, and 2023 respectively. All related party transactions were approved by the Independent Directors Committee.

### **14. SEGMENT AND RELATED INFORMATION**

Our President and Chief Executive Officer makes operating decisions and measures performance of our business primarily by viewing our two separate lines of business or products and services, which we consider to be construction of new vessels and the repair and conversion of existing vessels.

Accordingly, we classify our business into two segments: (1) vessel construction and (2) repair and conversions. Our vessel construction segment involves the building of new vessels, often including engineering and design, whereas our repair and conversions segment involves work on existing vessels. Vessel construction jobs are typically of longer duration and have a much larger material component than repair and conversion jobs. Additionally, vessel construction activities are primarily performed in shore-based buildings and dedicated work areas, whereas repair activities primarily occur on floating drydocks or on the vessel itself while afloat. Our vessel construction activities are almost always performed under fixed-price contracts accounted for under the percentage-of-completion method of accounting, whereas our repair activities are primarily performed under cost-plus-fee arrangements.

Our product offerings in vessel construction have changed over time to meet market demands and currently include large and small deck barges, crane barges, spud barges, docking barges, tank barges, flood gates, split-hull dump scows, dredges, drydocks, inland and offshore tug boats, tow boats, multi-purpose tug boats, LPG (liquefied petroleum gas) barges, LNG (liquefied natural gas) bunker vessels, lift boats, ferries, other offshore support vessels, and structural building foundations. Our repair work involves maintenance and repair of existing vessels, which is often required as a result of periodic inspections required by the U.S. Coast Guard, the American Bureau of Shipping and other regulatory agencies. Our conversion projects primarily consist of lengthening the midbodies of vessels, modifying vessels to permit their use for a different type of activity and other modifications to increase the capacity or functionality of a vessel.

We evaluate the performance of our segments based upon gross profit. Selling, general and administrative expenses, executive compensation expense, interest expense, other income/(expense), net and income taxes are not allocated to the segments. Accounting policies are the same as those described in Note 1, "Summary of Significant Accounting Policies." Intersegment sales and transfers are not significant.

Selected information as to our operations by segment is as follows (in thousands):

	<b>Years Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Revenue			
Vessel construction	\$ 301,735	\$ 280,231	\$ 207,139
Repair and conversions	25,813	23,179	32,635
Total revenue	<u>327,548</u>	<u>303,410</u>	<u>239,774</u>
Cost of revenue			
Vessel construction	272,235	262,377	241,550
Repair and conversions	22,439	21,460	27,549
Total cost of revenue	<u>294,674</u>	<u>283,837</u>	<u>269,099</u>
Gross profit/(loss)			
Vessel construction	29,500	17,854	(34,411)
Repair and conversions	3,374	1,719	5,086
Total gross profit/(loss)	<u>32,874</u>	<u>19,573</u>	<u>(29,325)</u>
Selling, general and administrative expenses	<u>8,758</u>	<u>7,380</u>	<u>7,500</u>
Income/(loss) from operations	24,116	12,193	(36,825)
Interest expense	(409)	(199)	(230)
Other income/(expense), net	2,651	6,611	730
Income/(loss) before income taxes	<u>26,358</u>	<u>18,605</u>	<u>(36,325)</u>
Provision/(benefit) for income tax	6,483	7,379	(9,297)
Net income/(loss)	<u>\$ 19,875</u>	<u>\$ 11,226</u>	<u>\$ (27,028)</u>

Certain other financial information by segment is as follows (in thousands):

	<b>Years Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Depreciation and amortization expense:			
Vessel construction	\$ 2,805	\$ 3,070	\$ 3,883
Repair and conversions	958	962	1,155
Included in selling, general and administrative expenses	<u>18</u>	<u>18</u>	<u>38</u>
Total depreciation and amortization expense	<u>\$ 3,781</u>	<u>\$ 4,050</u>	<u>\$ 5,076</u>

Total assets and capital expenditures by segment are as follows (in thousands):

	<b>December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total assets:			
Vessel construction	\$ 71,930	\$ 82,009	\$ 46,370
Repair and conversions	20,927	23,476	29,178
Other	46,913	42,978	64,662
Total assets	<u>\$ 139,770</u>	<u>\$ 148,463</u>	<u>\$ 140,210</u>
Capital expenditures:			
Vessel construction	\$ 4,058	\$ 2,385	\$ 1,791
Repair and conversions	39	208	28
Other	451	97	(56)
Total capital expenditures	<u>\$ 4,548</u>	<u>\$ 2,690</u>	<u>\$ 1,763</u>

Certain assets, including cash and cash equivalents, and capital expenditures are allocated to corporate and are included in the “Other” caption.

Revenues included in our consolidated financial statements are derived exclusively from customers domiciled in the United States and Puerto Rico. All of our assets are located in the United States.

## 15. COMMITMENTS AND CONTINGENCIES

**Legal Matters**— We are a party to various routine legal proceedings primarily involving commercial claims and workers’ compensation claims. While the outcome of these routine claims and legal proceedings cannot be predicted with certainty, management believes that the outcome of such proceedings in the aggregate, even if determined adversely, would not have a material adverse effect on our consolidated financial position, results of operation or liquidity.

In February 2023, we were awarded a \$7.49 million judgment in a suit we filed in 2019 against a customer that defaulted on contracts to construct two vessels. The judgment was appealed to the United States Court of Appeals for the Fifth Circuit and on February 23, 2024, the judgment was affirmed and we realized the amount of \$8.04 million, including interest and costs. Receipt of the judgment amount is reflected in our 2024 financial statements.

**Severance and Change in Control Agreements**— On October 23, 2025, the Company entered into severance and change of control agreements with its four executive officers. The agreements provide that if the executive’s employment is terminated by the Company without “cause” or by the executive for “good reason,” the executive will receive (1) his target bonus prorated based on the number of days worked during the year (“pro-rata bonus”), (2) health and wellness benefits continuation for up to 24 months for the executive Chairman and the President and Chief Executive Officer and up to 18 months for the other two executives, and (3) a lump sum cash payment equal to a multiple of the sum of the executive’s salary and target bonus of 2.0 times in the case of the President and Chief Executive Officer, 1.5 times in the case of the Chief Financial Officer and 1.0 times in the case of the Senior Vice President. If the executive’s employment is terminated due to death or disability, the Company will pay the pro-rata bonus to him or his legal representative. In the event of a “change of control,” for a two-year period thereafter, the executive is generally entitled to compensation and benefits at least as favorable as those in effect prior to the “change of control,” subject to earlier termination of employment and (if applicable) receipt

of the severance benefit described above. The agreements continue in effect through December 31, 2027 and are automatically extended for one year annually thereafter, unless 90 days prior notice is given to the executive.

**Long-Term Stock Incentive Plan**— On January 21, 2026, the Company’s board of directors adopted the Company’s 2026 Stock Incentive Plan (the “Plan”). The Plan authorizes the grant of various types of equity awards, such as restricted stock, restricted stock units (“RSUs”), stock options and stock appreciation rights, to eligible participants, which include the Company’s employees, non-employee directors and consultants. The Plan is administered by the independent directors committee (the “Committee”) of the Company’s board of directors. As administrator of the Plan, the Committee has the authority to designate participants in the Plan, grant awards and determine the terms and conditions thereof. The Committee can also delegate its authority to one or more officers of the Company. A total of 300,000 shares of the Company’s common stock have been reserved for issuance under the Plan.

**Restricted Stock Units (RSUs)**— RSUs are awards denominated in units of shares of the Company’s common stock under which the issuance of such shares is subject to such conditions (including continued employment or service or performance conditions) and terms as Committee deems appropriate. Plan participants have no voting rights with respect to shares underlying RSUs, unless and until such RSUs vest.

As of February 27, 2026, a total of 191,648 RSUs have been granted under the Plan, including 86,741 time-based RSUs and 104,907 performance-based RSUs (“PSUs”). The time-based RSUs will vest on the third anniversary of the grant date. The performance period applicable to the PSUs granted in 2026 is January 1, 2026 through December 31, 2028 (the “Performance Period”) and the number of PSUs granted to each recipient represents the target award (the “Target PSUs”). The actual number of PSUs earned by each recipient following the end of the Performance Period will range between 0%-150% of the applicable Target PSUs and will be determined based on the Company’s achievement of the applicable financial and safety performance metrics and goals established by the Committee. As of February 27, 2026, approximately 108,352 shares remain available for grant under the Plan.

**Letters of Credit and Bonds**— In the normal course of our business, we may be required to provide letters of credit to secure the payment of workers’ compensation obligations. Additionally, under certain contracts we may be required to provide letters of credit and bonds to secure our performance and payment obligations. Bonds relating to these business activities amounted to \$171.5 million and \$151.9 million at December 31, 2025 and December 31, 2024, respectively. We had letters of credit under our revolving credit facility at December 31, 2025 and December 31, 2024 of \$1.0 million and \$5.0 million respectively. The \$5.0 million letter of credit expired on August 31, 2025. The \$1.0 million letter of credit will expire on August 14, 2026. See Note 8 for additional information.

**Inflation; Interest Rates**— High inflation and interest rates, initially due in part to supply shortages and other uncertainties related to the pandemic recovery, have adversely impacted our business. Inflation increased rapidly during 2021 through June 2022. After June 2022, the rate of inflation generally declined; however, it has remained higher than the Federal Reserve’s target rate of inflation of two percent. The Federal Reserve raised the federal funds target rate multiple times from March 2022 through July 2023, by 525 basis points on a cumulative basis. Between September 2024 and December 2024, the Federal Reserve lowered the federal funds target rate by 100 basis points on a cumulative basis, to a range of 4.25 to 4.50%. On September 17, 2025, the Federal Reserve lowered the target range for the federal funds rate by 25 basis points, setting the range at 4.00% to 4.25%. On October 29, 2025, the Federal Reserve announced a 25 basis point cut, bringing the benchmark federal funds rate down to a range of 3.75% to 4.0%. In late 2020 and throughout 2021, steel prices increased sharply. While steel prices appeared to be softening in the beginning of 2022, the Russian Invasion of Ukraine beginning on February 24, 2022 drove steel prices higher, ultimately peaking in June and July of 2022. Steel prices have generally declined since then although they have continued to rise since January 2025 and remain significantly higher than pre-pandemic levels.

**MARAD**— The Company was awarded a MARAD grant in the amount of \$418,200 as part of the MARAD FY 2025 Small Shipyard Grant Program. This grant is being used to purchase a Computer Numerical Control “CNC” plasma cutting system for our yard in Orange, Texas. The total cost of the project is \$836,400 of which the Federal share for reimbursement is \$418,200 and the “required portion” by the Company is \$418,200. The Company must expend the required portion before any portion of the Federal share is distributed.

## BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

JOHN P. CONRAD, JR.  
Executive Chairman of the Board

CECIL A. HERNANDEZ  
President, Chief Executive Officer and Director

DANIEL T. CONRAD  
Senior Vice President, Assistant Secretary and Director

LARRY J. CALLAIS  
Director

JOHN R. WALDO  
Director

SCOTT A. THOMAS  
Senior Vice President, Chief Financial Officer, Treasurer and Secretary

---

### 2025 ANNUAL REPORT

This Report and the statements contained in it are submitted for the general information of the stockholders of Conrad Industries, Inc. and not in connection with the sale or solicitation of any offer to buy any securities, nor is it intended as a representation by the Company of the value of its securities.

### COMMON STOCK

Conrad Industries, Inc.'s common stock is traded over-the-counter through the OTC Markets Electronic Quotation Service. OTC quotes are available over the internet at [www.otcmarkets.com](http://www.otcmarkets.com) as well as through other services.

### ANNUAL MEETING

The Annual Meeting of Stockholders has been scheduled for August 4, 2026 at 9:00 a.m., local time, at our corporate offices, 1100 Brashear Avenue, Suite 200, Morgan City, Louisiana 70380.

### FINANCIAL REPORTS

Stockholders who wish to obtain company financial reports may do so without charge by writing Scott A. Thomas, Senior Vice President, Chief Financial Officer, Treasurer and Secretary, Conrad Industries, Inc. P.O. Box 790, Morgan City, LA 70381. Financial Reports can also be accessed via our website at [www.conradindustries.com](http://www.conradindustries.com) and [www.otcmarkets.com](http://www.otcmarkets.com).

### CORPORATE INFORMATION

Conrad Industries, Inc.

*Mailing Address:*  
Post Office Box 790  
Morgan City, LA 70381

*Physical Address:*  
1100 Brashear Avenue  
Suite 200  
Morgan City, LA 70380

*Telephone:* (985) 702-0195

*Facsimile:* (985) 702-1126

*WebSite:* [www.conradindustries.com](http://www.conradindustries.com)

*Transfer Agent:*  
Equiniti Trust Company, LLC  
28 Liberty Street, Floor 53  
New York, NY 10005

*Outside Legal Counsel:*  
Jones Walker, LLP  
Baton Rouge, Louisiana

*Independent Auditors:*  
Darnall, Sikes & Frederick  
A Corporation of Certified Public Accountants  
Lafayette, Louisiana



**CONRAD**  
**Industries, Inc.**

[www.conradindustries.com](http://www.conradindustries.com)