

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_ to \_\_

Commission file number 001-34481

**Mistras Group, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**22-3341267**

(I.R.S. Employer  
Identification No.)

**195 Clarksville Road**

**Princeton Junction, New Jersey**

(Address of principal executive offices)

**08550**

(Zip Code)

**(609) 716-4000**

(Registrant's telephone number, including area code)

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

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
Common Stock, \$0.01 par value	MG	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging Growth Company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of May 5, 2025, the registrant had 31,329,814 shares of common stock outstanding.



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**PART I—FINANCIAL INFORMATION**

**ITEM 1. Financial Statements**

**Mistras Group, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Balance Sheets**  
*(in thousands, except share and per share data)*

	March 31, 2025 (unaudited)	December 31, 2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 18,536	\$ 18,317
Accounts receivable, net	128,192	127,281
Inventories	14,141	14,485
Prepaid expenses and other current assets	15,104	12,387
Total current assets	175,973	172,470
Property, plant and equipment, net	82,796	80,892
Intangible assets, net	39,187	39,708
Goodwill	181,530	181,442
Deferred income taxes	6,351	6,267
Other assets	40,952	42,259
Total assets	\$ 526,789	\$ 523,038
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 13,385	\$ 11,128
Accrued expenses and other current liabilities	85,485	85,233
Current portion of long-term debt	12,374	11,591
Current portion of finance lease obligations	5,735	5,317
Income taxes payable	573	1,656
Total current liabilities	117,552	114,925
Long-term debt, net of current portion	159,500	158,056
Obligations under finance leases, net of current portion	15,871	15,162
Deferred income taxes	2,093	1,973
Other long-term liabilities	32,772	34,027
Total liabilities	327,788	324,143
Commitments and contingencies (Note 13)		
<b>Equity</b>		
Preferred stock, 10,000,000 shares authorized	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized, 31,325,787 and 31,010,375 shares issued and outstanding	406	402
Additional paid-in capital	251,629	250,832
Accumulated deficit	(13,170)	(9,984)
Accumulated other comprehensive loss	(40,200)	(42,682)
Total Mistras Group, Inc. stockholders' equity	198,665	198,568
Non-controlling interests	336	327
Total equity	199,001	198,895
Total liabilities and equity	\$ 526,789	\$ 523,038

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**Mistras Group, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Income (Loss)**  
*(in thousands, except per share data)*

	Three months ended March 31,	
	2025	2024
<b>Revenue</b>	\$ 161,615	\$ 184,442
Cost of revenue	115,286	132,355
Depreciation	5,437	5,934
<b>Gross profit</b>	40,892	46,153
Selling, general and administrative expenses	35,652	36,252
Reorganization and other costs	3,087	1,558
Environmental expense	540	—
Research and engineering	299	343
Depreciation and amortization	2,326	2,447
<b>(Loss) income from operations</b>	(1,012)	5,553
Interest expense	3,324	4,430
<b>(Loss) income before (benefit) provision for income taxes</b>	(4,336)	1,123
(Benefit) provision for income taxes	(1,168)	119
<b>Net (loss) income</b>	(3,168)	1,004
Less: net income attributable to noncontrolling interests, net of taxes	18	9
<b>Net (loss) income attributable to Mistras Group, Inc.</b>	\$ (3,186)	\$ 995
Net (loss) income per common share		
Basic	\$ (0.10)	\$ 0.03
Diluted	\$ (0.10)	\$ 0.03
Weighted-average common shares outstanding:		
Basic	31,095	30,680
Diluted	31,095	31,356

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**Mistras Group, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss)**  
*(in thousands)*

	Three months ended March 31,	
	2025	2024
Net (loss) income	\$ (3,168)	\$ 1,004
Other comprehensive loss:		
Foreign currency translation adjustments	\$ 2,473	\$ (4,229)
Comprehensive Loss	(695)	(3,225)
Less: net income attributable to noncontrolling interest	18	9
Less: Foreign currency translation adjustments attributable to noncontrolling interests	(9)	—
Comprehensive loss attributable to Mistras Group, Inc.	\$ (704)	\$ (3,234)

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**Mistras Group, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Equity**  
*(in thousands)*

Three months ended

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total Mistras Group, Inc. stockholders' equity	Non-controlling interests	Total Equity
	Shares	Amount						
<b>Balance at December 31, 2024</b>	31,010	\$ 402	\$ 250,832	\$ (9,984)	\$ (42,682)	\$ 198,568	\$ 327	\$ 198,895
Net loss	—	—	—	(3,186)	—	(3,186)	18	(3,168)
Other comprehensive loss, net of tax	—	—	—	—	2,482	2,482	(9)	2,473
Share-based payments	—	—	2,279	—	—	2,279	—	2,279
Net settlement of restricted stock units	316	4	(1,482)	—	—	(1,478)	—	(1,478)
<b>Balance at March 31, 2025</b>	<u>31,326</u>	<u>\$ 406</u>	<u>\$ 251,629</u>	<u>\$ (13,170)</u>	<u>\$ (40,200)</u>	<u>\$ 198,665</u>	<u>\$ 336</u>	<u>\$ 199,001</u>
<b>Balance at December 31, 2023</b>	30,598	\$ 305	\$ 247,165	\$ (28,942)	\$ (28,336)	\$ 190,192	\$ 311	\$ 190,503
Net income	—	—	—	995	—	995	9	1,004
Other comprehensive income, net of tax	—	—	—	—	(4,229)	(4,229)	—	(4,229)
Share-based payments	—	—	1,228	—	—	1,228	—	1,228
Net settlement of restricted stock units	313	23	(1,064)	—	—	(1,041)	—	(1,041)
<b>Balance at March 31, 2024</b>	<u>30,911</u>	<u>\$ 328</u>	<u>\$ 247,329</u>	<u>\$ (27,947)</u>	<u>\$ (32,565)</u>	<u>\$ 187,145</u>	<u>\$ 320</u>	<u>\$ 187,465</u>

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**Mistras Group, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
*(In Thousands)*

	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Net (loss) income	\$ (3,168)	\$ 1,004
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	7,763	8,381
Deferred income taxes	157	(144)
Share-based compensation expense	2,279	1,228
Bad debt provision for troubled customers, net of recoveries	360	227
Foreign currency loss (gain)	374	(561)
Other	(237)	15
Changes in operating assets and liabilities, net of effect of acquisitions and dispositions		
Accounts receivable	(145)	(8,696)
Inventories	441	(23)
Prepaid expenses and other assets	(2,426)	(6,593)
Accounts payable	1,978	(1,219)
Accrued expenses and other liabilities	(604)	6,905
Income taxes payable	(1,127)	80
<b>Net cash provided by operating activities</b>	<b>5,645</b>	<b>604</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,555)	(4,804)
Purchase of intangible assets	(1,267)	(1,117)
Proceeds from sale of equipment	408	273
<b>Net cash used in investing activities</b>	<b>(5,414)</b>	<b>(5,648)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(1,320)	(1,409)
Repayment of long-term debt	(2,653)	(1,907)
Proceeds from revolver	19,000	15,000
Repayment of revolver	(14,250)	(5,000)
Taxes paid related to net share settlement of share-based awards	(1,479)	(1,557)
<b>Net cash (used in) provided by financing activities</b>	<b>(702)</b>	<b>5,127</b>
Effect of exchange rate changes on cash and cash equivalents	690	(874)
<b>Net change in cash and cash equivalents</b>	<b>219</b>	<b>(791)</b>
Cash and cash equivalents at beginning of period	18,317	17,646
Cash and cash equivalents at end of period	\$ 18,536	\$ 16,855
<b>Supplemental disclosure of cash paid</b>		
Interest, net	\$ 3,087	\$ 4,029
Income taxes, net of refunds	\$ 1,677	\$ 756
<b>Noncash investing and financing</b>		
Equipment acquired through finance lease obligations	\$ 2,369	\$ 1,165

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**Mistras Group, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
(tabular dollars and shares in thousands, except per share data)

## 1. Description of Business and Basis of Presentation

### *Description of Business*

Mistras Group, Inc., together with its subsidiaries (the "Company"), is a leading "one source" multinational provider of integrated technology-enabled asset protection solutions helping to maximize the safety and operational uptime for civilization's most critical industrial and civil assets.

Backed by an innovative, data-driven asset protection portfolio, proprietary technologies and decades-long legacy of industry leadership, the Company helps customers with asset-intensive infrastructure in the oil and gas, aerospace and defense, industrials, power generation and transmission (including alternative and renewable energy), other process industries and infrastructure, research and engineering and other industries towards achieving and maintaining operational excellence. By supporting these organizations that help fuel our vehicles and power our society; inspecting components that are trusted for commercial, defense, and space craft; building real-time monitoring equipment to enable safe travel across bridges; and helping to propel sustainability, the Company helps the world at large.

The Company enhances value for its clients by integrating asset protection throughout supply chains and centralizing integrity data through a suite of Industrial Internet of Things ("IoT")-connected digital software and monitoring solutions, including OneSuite™, which serves as an ecosystem platform, pulling together all of the Company's software and data services capabilities, for the benefit of its customers.

The Company's core capabilities also include non-destructive testing ("NDT") field inspections enhanced by advanced robotics, laboratory quality control, laboratory materials services, shop laboratory assurance testing, sensing technologies and NDT equipment, asset and mechanical integrity engineering services, and light mechanical maintenance and access services.

The Company has three operating segments. Our segments are as follows:

- *North America*: This segment provides asset protection solutions predominantly in North America, with the largest concentration in the United States, followed by Canada, consisting primarily of NDT, inspection, mechanical and engineering services that are used to evaluate the safety, structural integrity and reliability of critical energy, industrial and public infrastructure and commercial aerospace components. Software, digital and data services are included in this segment.
- *International*: This segment offers services, products and systems similar to those of the other segments to select markets within Europe, the Middle East, Africa, Asia and South America, but not to customers in China and South Korea, which are served by the Products and Systems segment.
- *Products and Systems*: This segment designs, manufactures, sells, installs and services the Company's asset protection products and systems, including equipment and instrumentation, predominantly in the United States.

### *Recent Developments*

We may experience increased costs associated with tariffs or trade barriers (including recent U.S. tariffs imposed or threatened to be imposed on China, Canada, Mexico and other countries and any retaliatory actions taken by such countries). The Company will continue to monitor market conditions and respond accordingly.

### *Basis of Presentation*

The Unaudited Condensed Consolidated Financial Statements contained in this report have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and Securities and Exchange Commission ("SEC") guidance allowing for reduced disclosure for interim periods. In the opinion of management, the Unaudited Condensed Consolidated Financial Statements include all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods of the years ending December 31, 2025 and December 31, 2024.

**Mistras Group, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
(tabular dollars and shares in thousands, except per share data)

Certain items included in these statements are based on management's estimates. Actual results may differ from those estimates. The results of operations for any interim period are not necessarily indicative of the results expected for the year. The accompanying Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the notes to the Audited Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Annual Report").

***Principles of Consolidation***

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of Mistras Group, Inc. as well as its wholly-owned subsidiaries, majority-owned subsidiaries and consolidated variable interest entities (VIE). For consolidated subsidiaries in which the Company's ownership interest is less than 100%, the non-controlling interests are reported in stockholders' equity in the accompanying Condensed Consolidated Balance Sheets. The non-controlling interests in net results, net of tax, is classified separately in the accompanying Unaudited Condensed Consolidated Statements of Income (Loss). All significant intercompany accounts and transactions have been eliminated in consolidation.

***Change in Accounting Principle***

Certain amounts in prior periods have been reclassified to conform to the current year presentation. The impacts of the reclassifications are shown in the tables below. Any reclassifications not shown below did not have a material effect on the Company's financial condition or results of operations as previously reported.

***Change in Classification of Certain Expenses from Selling, General and Administrative Expenses to Cost of Revenue***

During the period from January 1, 2025 through March 31, 2025, the Company changed the presentation of certain costs incurred at its operational labs as well as the costs for certain personnel that indirectly support the Company's delivery of services on its Unaudited Condensed Consolidated Statements of Income (Loss). This voluntary change in classification of certain overhead and personnel costs, which were determined to be directly related to the Company's delivery of services, resulted in a decrease in selling, general and administrative expenses and an offsetting increase in cost of revenue. The Company believes this presentation is preferable as it will provide greater transparency regarding its cost of revenue and better align with how the business is managed.

This change in classification has been applied retrospectively to all periods presented and affects Selling, general and administrative expenses; Cost of revenue; and Gross profit on the Company's Unaudited Condensed Consolidated Statements of Income (Loss). This change in presentation had no impact to Revenue, Income (loss) from operations, Income (loss) before provision (benefit) for income taxes, Provision (benefit) for income taxes, Net income (loss), Earnings (loss) per common share, or other components of equity, net assets or cash flows. In addition, Selling, general and administrative expenses and Other Expenses information disclosed in Note 14 Segment Disclosure was updated for this change. The impacts of the update to the presentation of certain indirect costs on the Company's Condensed Consolidated Financial Statements for the three months ended March 31, 2025 and 2024 are reflected below under the "Effect of change" columns.

	Three Months Ended March 31, 2025		
	Prior Presentation Method	Effect of change	As Reported
Cost of revenue	\$ 109,300	\$ 5,986	\$ 115,286
Gross profit	46,878	(5,986)	40,892
Selling, general and administrative expenses	41,638	(5,986)	35,652

  

	Three Months Ended March 31, 2024		
	As Previously Reported	Effect of change	As Adjusted
Cost of revenue	\$ 127,418	\$ 4,937	\$ 132,355
Gross profit	51,090	(4,937)	46,153
Selling, general and administrative expenses	41,189	(4,937)	36,252

**Mistras Group, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
(tabular dollars and shares in thousands, except per share data)

**Significant Accounting Policies**

The Company's significant accounting policies are disclosed in Note 1—*Summary of Significant Accounting Policies and Practices* in the 2024 Annual Report. On an ongoing basis, the Company evaluates its estimates and assumptions, including among other things, those related to revenue recognition, long-lived assets, goodwill and acquisitions. Since the date of the 2024 Annual Report, there have been no material changes to the Company's significant accounting policies.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities at enacted income tax rates for the temporary differences between the financial reporting bases and the tax bases of our assets and liabilities. Any effects of changes in income tax rates or tax laws are included in the provision for income taxes in the period of enactment. Our net deferred tax assets primarily consist of net operating loss carry forwards, or NOLs. A valuation allowance is provided if it is more likely than not that some or all of a deferred income tax asset will not be realized. A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the current and prior years.

As of March 31, 2025, management concluded that it is more likely than not that a substantial portion of the Company's deferred tax assets will be realized.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

The Company's effective income tax rate was approximately 26.9% and 10.6% for the three months ended March 31, 2025 and 2024, respectively. The effective income tax rate benefit for the three months ended March 31, 2025 was higher than the statutory rate primarily due to the impact of a favorable discrete item related to stock compensation.

**Recent Accounting Pronouncements**

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280) to expand the disclosures about a public entity's reportable segments and address requests from investors for additional, more detailed information about a reportable segment's expenses. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We adopted the provisions of this ASU in the fourth quarter of 2024 and applied the provisions retrospectively to each period presented in the consolidated financial statements. Adoption of the new standard did not have a material impact on our condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) to enhance the transparency and decision usefulness of income tax disclosures, primarily related to the rate reconciliation and income taxes paid disclosures. The new standard is effective for fiscal years beginning after December 15, 2024. We are currently evaluating the impacts this standard will have on our disclosures.

On November 4, 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures, to require disaggregation of certain expense captions into specified categories in disclosures within the notes of the financial statements. The standard is effective for fiscal years beginning after December 31, 2026 and early adoption is permitted. The guidance is required to be applied prospectively and amendments in the ASU may be applied prospectively or retrospectively. We are currently evaluating the impacts this standard will have on our disclosures.

On March 6, 2024, the SEC adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors, which will require registrants to provide certain climate-related information in their registration statements and periodic reports. The required disclosures will include, but are not limited to, specific disclosures about climate-related risks and their actual or likely material impacts on the registrant's business, strategy, and outlook; the governance of climate-related risks and relevant risk management processes; Scope 1 and 2 greenhouse gas (GHG) emissions, if material or included in announced emission targets; certain climate-related financial statement metrics and related disclosures in a note to the audited financial statements; and information about climate-related targets and goals. The rules are effective on

**Mistras Group, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
(tabular dollars and shares in thousands, except per share data)

a rolling basis for various fiscal years, beginning for the Company with annual reports for the year ending December 31, 2025. However, in response to various legal challenges, the SEC voluntarily stayed the rules on April 4, 2024, which may impact the ultimate effective date of the rules. We will continue to monitor any developments on these rules and expected timing for compliance.

## **2. Revenue**

The Company derives the majority of its revenue by providing services on a time and material basis, and are short-term in nature. The Company accounts for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

### ***Performance Obligations***

The Company provides highly integrated and bundled inspection services to its customers. The majority of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. 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 or service in the contract. The primary method used to estimate standalone selling price is a relative selling price based on price lists.

Contract modifications are not routine in the performance of the Company's contracts. Generally, when contracts are modified, the modification is to account for changes in scope to the goods and services that are provided. In most instances, contract modifications are for goods or services that are distinct, and, therefore, are accounted for as a separate contract.

The Company's performance obligations are satisfied over time as work progresses or at a point in time. The majority of the Company's revenue is recognized over time as work progresses for the Company's service deliverables, which includes providing testing, inspection and mechanical services to our customers. Revenue is recognized over time, based on time and material incurred to date which best portrays the transfer of control to the customer. The Company also utilizes an available practical expedient that provides for revenue to be recognized in an amount that corresponds directly with the value to the customer of the entity's performance completed to date. Fixed fee arrangements are determined based on expected labor, material, and overhead to be consumed on fulfillment of such services. For these arrangements, revenue is recognized on a cost-to-cost method tracked on an input basis.

The majority of our revenue recognized at a point in time is related to product sales when the customer obtains control of the asset, which is generally upon shipment to the customer. Contract costs include labor, material and overhead.

The Company expects any significant remaining performance obligations to be satisfied within one year.

### ***Contract Estimates***

The majority of the Company's revenues are short-term in nature. The Company enters into master service agreements ("MSA"s) with customers that specify an overall framework and contract terms. The actual contracting to provide services or furnish products are triggered by a work order, purchase order, or some similar document issued pursuant to a MSA which sets forth the scope of services and/or identifies the products to be provided. From time-to-time, the Company may enter into longer-term contracts, which can range from several months to several years. Revenue on certain contracts is recognized as work is performed based on total costs incurred to date in relation to the total estimated costs for the performance of the contract at completion. This includes contract estimates of costs to be incurred for the performance of the contract. Cost estimation is based upon the professional knowledge and experience of the Company's project managers, engineers and financial professionals. Factors that are considered in estimating the work to be completed include the availability of materials, the effect of any delays in the Company's project performance and the recoverability of any claims. Whenever revisions of estimates, contract costs and/or contract values indicate that the contract costs will exceed estimated revenues, thus creating a loss, a provision for the total estimated loss is recorded in that period.

**Mistras Group, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
(tabular dollars and shares in thousands, except per share data)

**Revenue by Category**

The following series of tables present the Company's disaggregated revenue:

Revenue by industry was as follows:

Three Months Ended March 31, 2025	North America	International	Products & Systems	Corp/Elim	Total
Oil & Gas	\$ 85,731	\$ 10,646	\$ 187	\$ —	\$ 96,564
Aerospace & Defense	14,007	6,281	116	—	20,404
Industrials	11,688	6,517	365	—	18,570
Power generation & Transmission	3,224	985	444	—	4,653
Other Process Industries	6,501	3,744	8	—	10,253
Infrastructure, Research & Engineering	3,701	2,562	958	—	7,221
Petrochemical	2,523	110	—	—	2,633
Other	1,527	2,369	1,013	(3,592)	1,317
Total	<u>\$ 128,902</u>	<u>\$ 33,214</u>	<u>\$ 3,091</u>	<u>\$ (3,592)</u>	<u>\$ 161,615</u>

Three Months Ended March 31, 2024	North America	International	Products & Systems	Corp/Elim	Total
Oil & Gas	\$ 103,027	\$ 10,066	\$ 72	\$ —	\$ 113,165
Aerospace & Defense	15,375	6,732	11	—	22,118
Industrials	8,909	5,853	437	—	15,199
Power generation & Transmission	3,592	1,682	578	—	5,852
Other Process Industries	7,928	3,933	39	—	11,900
Infrastructure, Research & Engineering	3,972	2,205	409	—	6,586
Petrochemical	3,813	531	—	—	4,344
Other	3,733	2,045	1,664	(2,164)	5,278
Total	<u>\$ 150,349</u>	<u>\$ 33,047</u>	<u>\$ 3,210</u>	<u>\$ (2,164)</u>	<u>\$ 184,442</u>

Revenue per key geographic location was as follows:

Three Months Ended March 31, 2025	North America	International	Products & Systems	Corp/Elim	Total
United States	\$ 114,333	\$ 542	\$ 1,373	\$ 2,016	\$ 118,264
Other Americas	13,415	2,831	16	(3,144)	13,118
Europe	666	28,782	751	(1,997)	28,202
Asia-Pacific	488	1,059	951	(467)	2,031
Total	<u>\$ 128,902</u>	<u>\$ 33,214</u>	<u>\$ 3,091</u>	<u>\$ (3,592)</u>	<u>\$ 161,615</u>

Three Months Ended March 31, 2024	North America	International	Products & Systems	Corp/Elim	Total
United States	\$ 129,458	\$ 296	\$ 1,600	\$ (1,515)	\$ 129,839
Other Americas	17,127	2,295	177	(238)	19,361
Europe	1,153	28,663	651	(346)	30,121
Asia-Pacific	2,611	1,793	782	(65)	5,121
Total	<u>\$ 150,349</u>	<u>\$ 33,047</u>	<u>\$ 3,210</u>	<u>\$ (2,164)</u>	<u>\$ 184,442</u>

**Mistras Group, Inc. and Subsidiaries**  
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**Contract Balances**

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Consolidated Balance Sheets. Amounts are generally billed as work progresses in accordance with agreed-upon contractual terms, generally at periodic intervals (e.g., weekly, bi-weekly or monthly). Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Company sometimes receives advances or deposits from its customers before revenue is recognized, resulting in contract liabilities. These assets and liabilities are aggregated on an individual contract basis and reported on the Consolidated Balance Sheets at the end of each reporting period within accounts receivable, net or accrued expenses and other current liabilities.

Revenue recognized during the three months ended March 31, 2025 and 2024 that was included in the contract liability balance at the beginning of the year was \$3.3 million and \$2.9 million, respectively. Changes in the contract asset and liability balances during these periods were not materially impacted by any other factors. The Company applies the practical expedient to expense incremental costs incurred related to obtaining a contract when the amortization period of the asset that the Company otherwise would have recognized is one year or less.

**3. Share-Based Compensation**

The Company grants share-based incentive awards to its eligible employees and non-employee directors under its 2016 Long-Term Incentive Plan (the "2016 Plan"). Awards granted under the 2016 Plan may be in the form of stock options, restricted stock units and other forms of share-based incentives, including performance-based restricted stock units, stock appreciation rights and deferred stock rights. At the annual shareholders meeting on May 14, 2024, the Company's shareholders approved an amendment to increase the total number of shares that may be issued under the 2016 Plan by 1.3 million, for a total of 6.2 million shares that are authorized for issuance under the 2016 Plan, of which approximately 665,000 shares were available for future grants as of March 31, 2025.

**Stock Options**

On December 31, 2024, the Compensation Committee (the "Compensation Committee") of the Company's Board of Directors approved the grant to Mr. Stamatakis, of a stock option for the purchase of 375,000 shares of the Company's common stock at an exercise price per share equal to the closing price of the common stock, as reported on the New York Stock Exchange (the "NYSE"), on the grant date of January 6, 2025 (the "Grant Date"). This stock option will vest and become exercisable on the first anniversary of the Grant Date, subject to accelerated vesting and exercisability upon termination of Mr. Stamatakis's employment due to his death or disability. In addition, if Mr. Stamatakis' employment ceases due to his termination by the Company without cause or his resignation with good reason then pursuant to his employment agreement with the Company, the vesting and exercisability of this stock option will also accelerate. The outside expiration date of this stock option is the tenth anniversary of the Grant Date.

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The following table sets forth a summary of stock option activity, weighted-average exercise prices and options outstanding as of March 31, 2025 (in thousands, except per share amounts and years):

	Three months ended March 31,			
	2025		2024	
	Common Stock Options	Weighted Average Exercise Price	Common Stock Options	Weighted Average Exercise Price
Outstanding at beginning of year:	250	\$ 5.36	250	\$ 5.36
Granted	375	\$ 9.06	—	\$ —
Exercised	—	\$ —	—	\$ —
Expired or forfeited	—	\$ —	—	\$ —
Outstanding at end of period:	625	\$ 7.58	250	\$ 5.36

The Company recognized \$0.5 million of share-based compensation expense within Reorganization and other costs related to the stock options granted in the first quarter of 2025 and \$1.5 million of share-based compensation expense related to stock options remains unrecognized as of the end of the current period, which is all expected to be recognized during 2025.

***Stock Issuances to Non-Employee Directors***

As part of its compensation program for non-employee directors, the Company issues fully-vested common stock to its non-employee directors. Prior to 2025, the shares of common stock were issued in semi-annual awards during the quarters ended March 31 and September 30. In 2025, non-employee directors will receive a single award during the quarter ended June 30, 2025. A summary of the fully-vested common stock the Company issued to its non-employee directors, in connection with its non-employee director compensation, is as follows (in thousands):

	Three months ended March 31,	
	2025	2024
Awards issued	—	31
Grant date fair value of awards issued	\$ —	\$ 274

***Restricted Stock Unit Awards***

For the three months ended March 31, 2025 and March 31, 2024, the Company recognized share-based compensation expense within Selling, general and administrative expenses related to restricted stock unit awards of \$1.1 million and \$1.0 million, respectively. For the three months ended March 31, 2025, the Company recognized share-based compensation expense within Reorganization and other costs related to restricted stock unit awards of \$0.5 million. As of March 31, 2025, there was \$8.8 million of unrecognized compensation costs, net of estimated forfeitures, related to restricted stock unit awards, which is expected to be recognized over a remaining weighted-average period of 2.5 years. Upon vesting, restricted stock units are generally net share-settled to cover the required withholding tax and the remaining amount is converted into an equivalent number of shares of common stock.

A summary of the vesting activity of restricted stock unit awards, with the respective fair value of the awards, is as follows:

	Three months ended March 31,	
	2025	2024
Restricted stock awards vested	451	364
Fair value of awards vested	\$ 4,523	\$ 3,261

**Mistras Group, Inc. and Subsidiaries**  
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A summary of the Company's outstanding, non-vested restricted share units is as follows:

	Three months ended March 31,			
	2025		2024	
	Units	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
Outstanding at beginning of period:	1,231	\$ 8.41	1,184	\$ 8.07
Granted	350	\$ 9.32	598	\$ 8.52
Vested	(451)	\$ 10.03	(364)	\$ 8.95
Forfeited	(38)	\$ 8.43	(10)	\$ 8.37
Outstanding at end of period:	<u>1,092</u>	<u>\$ 8.61</u>	<u>1,408</u>	<u>\$ 8.04</u>

**Performance Restricted Stock Units**

The Company maintains Performance Restricted Stock Units ("PRsUs") that have been granted to select executives and senior officers, the ultimate payout of which may vary between zero and 200% of the target award, based on the Company's performance over a one-year period based on specific metrics approved by the Compensation Committee of the Board of Directors of the Company.

For 2024, the Compensation Committee used the following three performance metrics for PRsUs awarded in that year.

1. *Free Cash Flow* defined as net cash provided by operating activities less purchases of property, plant, equipment and intangible assets and is subject to adjustments approved by the Compensation Committee.
2. *Adjusted EBITDA* defined as net income attributable to the Company plus: interest expense, provision for income taxes, depreciation and amortization, share-based compensation expense and certain acquisition related costs (including transaction due diligence costs and adjustments to the fair value of contingent consideration), foreign exchange (gain) loss and, if applicable, certain special items which are noted.
3. *Revenue*

For PRsUs awarded in 2025, the Compensation Committee utilized the same metrics as 2024 PRsUs, but with revised performance goals.

PRsUs are equity-classified and compensation costs related to PRsUs with performance conditions are initially measured using the fair value of the underlying stock at the date of grant. Compensation costs related to the PRsUs with performance conditions are subsequently adjusted for changes in the expected outcomes of the performance conditions. Compensation cost related to the PRsUs with a market condition is not reversed if the market condition is not achieved, provided the employee requisite service has been rendered. Earned PRsUs generally vest ratably in four equal annual installments over the four years following completion of the performance period, for a total requisite service period of up to five years, and have no dividend equivalent rights.

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A summary of the Company's PRSU activity is as follows:

	Three months ended March 31,			
	2025		2024	
	Units	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
Outstanding at beginning of period:	125	\$ 9.12	60	\$ 9.33
Granted	507	\$ 10.08	249	\$ 8.76
Performance condition adjustments	—	\$ —	—	\$ —
Released	(3)	\$ 9.84	—	\$ —
Forfeited	(9)	\$ 3.68	—	\$ —
Outstanding at end of period:	<u>620</u>	<u>\$ 9.92</u>	<u>309</u>	<u>\$ 9.00</u>

For the three months ended March 31, 2025 and March 31, 2024, the Company recognized aggregate share-based compensation expense related to the awards described above of approximately \$0.2 million and \$0.1 million, respectively. At March 31, 2025, there was \$5.5 million of total unrecognized compensation costs related to approximately 620,000 non-vested PRSUs, which is expected to be recognized over a remaining weighted-average period of 3.2 years.

#### 4. (Loss) earnings per Share

Basic (loss) earnings per share is computed by dividing net (loss) income by the weighted-average number of shares outstanding during the period. Diluted (loss) earnings per share is computed by dividing net (loss) income by the sum of (1) the weighted-average number of shares of common stock outstanding during the period, and (2) the dilutive effect of assumed conversion of equity awards using the treasury stock method. With respect to the number of weighted-average shares outstanding (denominator), diluted shares reflect: (i) the exercise of options to acquire common stock to the extent that the options' exercise prices are less than the average market price of common shares during the period and (ii) the pro forma vesting of restricted stock units.

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The following table sets forth the computations of basic and diluted (loss) earnings per share:

	Three months ended March 31,	
	2025	2024
<b>Basic (loss) earnings per share</b>		
Numerator:		
Net (loss) income attributable to Mistras Group, Inc.	\$ (3,186)	\$ 995
Denominator:		
Weighted average common shares outstanding	31,095	30,680
<b>Basic (loss) earnings per share</b>	\$ (0.10)	\$ 0.03
<b>Diluted (loss) earnings per share:</b>		
Numerator:		
Net (loss) income attributable to Mistras Group, Inc.	\$ (3,186)	\$ 995
Denominator:		
Weighted average common shares outstanding	31,095	30,680
Dilutive effect of stock options outstanding <sup>(1)</sup>	—	250
Dilutive effect of restricted stock units outstanding <sup>(1)</sup>	—	426
	<u>31,095</u>	<u>31,356</u>
<b>Diluted (loss) earnings per share</b>	\$ (0.10)	\$ 0.03

<sup>(1)</sup>For the three months ended March 31, 2025, 145,000 shares, related to stock options and 808,000 shares, related to restricted stock units were excluded from the calculation of diluted (loss) earnings per share due to the net loss for the period.

## 5. Accounts Receivable, net

Accounts receivable consisted of the following (in thousands):

	March 31, 2025	December 31, 2024
Trade accounts receivable	\$ 131,295	\$ 129,894
Allowance for credit losses	(3,103)	(2,613)
<b>Accounts receivable, net</b>	<u>\$ 128,192</u>	<u>\$ 127,281</u>

The Company had \$34.4 million and \$21.3 million of unbilled revenue accrued as of March 31, 2025 and December 31, 2024, respectively. These amounts are included in the trade accounts receivable balances above. Unbilled revenue is generally billed in the subsequent quarter to their revenue recognition. The Company considers unbilled receivables as short-term in nature as they are normally converted to trade receivables within 90 days, thus future changes in economic conditions will not have a significant effect on the credit loss estimate.

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## 6. Inventories

Inventories consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Raw materials	\$ 5,069	\$ 5,344
Work in progress	1,230	1,018
Finished goods	4,759	5,146
Consumable supplies	3,083	2,977
Inventories	<u>\$ 14,141</u>	<u>\$ 14,485</u>

## 7. Property, Plant and Equipment, net

Property, plant and equipment, net consisted of the following:

	Useful Life (Years)	March 31, 2025	December 31, 2024
Land		\$ 2,441	\$ 2,429
Buildings and improvements	30-40	27,120	27,973
Office furniture and equipment	5-8	17,209	16,768
Machinery and equipment	5-7	284,453	274,907
		<u>331,223</u>	<u>322,077</u>
Accumulated depreciation and amortization		(248,427)	(241,185)
Property, plant and equipment, net		<u>\$ 82,796</u>	<u>\$ 80,892</u>

Depreciation expense for the three months ended March 31, 2025 and 2024 was approximately \$6.0 million and \$6.5 million, respectively.

## 8. Goodwill

Changes in the carrying amount of goodwill by segment is shown below:

	North America	International	Products and Systems	Total
Balance at December 31, 2024	\$ 181,442	\$ —	\$ —	\$ 181,442
Foreign currency translation	88	—	—	88
Balance at March 31, 2025	<u>\$ 181,530</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 181,530</u>

The Company reviews goodwill for impairment on a reporting unit basis on October 1 of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable.

The Company performed a quantitative annual impairment test as of October 1, 2024 and the Company did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable. Additionally, through March 31, 2025, the Company did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable. Significant adverse changes in future periods could negatively affect the Company's key assumptions and may result in future goodwill impairment charges which could be material.

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## 9. Intangible Assets

The gross amount, accumulated amortization and net carrying amount of intangible assets were as follows:

	Useful Life (Years)	March 31, 2025			December 31, 2024		
		Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	5-18	\$ 108,644	\$ (94,153)	\$ 14,491	\$ 107,704	\$ (92,220)	\$ 15,484
Software/Technology	3-15	58,903	(34,921)	23,982	57,414	(33,930)	23,484
Covenants not to compete	2-5	12,403	(12,388)	15	12,391	(12,371)	20
Other	2-12	10,249	(9,550)	699	10,218	(9,498)	720
<b>Total</b>		<b>\$ 190,199</b>	<b>\$ (151,012)</b>	<b>\$ 39,187</b>	<b>\$ 187,727</b>	<b>\$ (148,019)</b>	<b>\$ 39,708</b>

Amortization expense for the three months ended March 31, 2025 and 2024 was approximately \$1.8 million and \$1.9 million, respectively.

## 10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2025	December 31, 2024
Accrued salaries, wages and related employee benefits	\$ 28,137	\$ 27,990
Accrued workers' compensation and health benefits	3,937	4,898
Deferred revenue	10,065	8,096
Pension accrual	2,458	2,458
Right-of-use liability - Operating	11,380	11,375
Other accrued expenses	29,508	30,416
<b>Total</b>	<b>\$ 85,485</b>	<b>\$ 85,233</b>

## 11. Long-Term Debt

Long-term debt consisted of the following:

	March 31, 2025	December 31, 2024
Senior credit facility	\$ 64,399	\$ 59,650
Senior secured term loan, net of unamortized debt issuance costs of \$0.2 million and \$0.3 million, respectively	105,228	107,545
Other	2,247	2,452
<b>Total debt</b>	<b>171,874</b>	<b>169,647</b>
<b>Less: Current portion</b>	<b>(12,374)</b>	<b>(11,591)</b>
<b>Long-term debt, net of current portion</b>	<b>\$ 159,500</b>	<b>\$ 158,056</b>

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**Senior Credit Facility**

On August 1, 2022, the Company entered into a credit agreement (the "Credit Agreement"), which provides the Company with a \$190 million 5-year committed revolving credit facility and a \$125 million term loan with a balance of \$105.2 million as of March 31, 2025. The Credit Agreement permits the Company to borrow up to \$100 million in non-U.S. dollar currencies and to use up to \$20 million of the credit limit for the issuance of letters of credit. Both the revolving line of credit and the term loan under the Credit Agreement have a maturity date of July 30, 2027.

The Credit Agreement has the following key terms, conditions and financial covenants:

- Borrowings bear interest at Secured Overnight Financing Rate ("SOFR") plus a credit spread adjustment and applicable SOFR margin ranging from 1.25% to 2.75%, based upon our Total Consolidated Debt Leverage Ratio (defined below).
  - Total Consolidated Debt Leverage Ratio means the ratio of (a) Total Consolidated Debt to (b) EBITDA (as defined in the Credit Agreement) for the trailing four consecutive fiscal quarters.
  - Total Consolidated Debt means all indebtedness (including subordinated debt) of the Company on a consolidated basis.
- The Company has the benefit of the lowest SOFR margin if its Total Consolidated Debt Leverage Ratio is equal to or less than 1.25 to 1.0, and the margin increases as the ratio increases, to the maximum margin if the ratio is greater than 3.75 to 1.0. The Credit Agreement is secured by liens on substantially all the assets of the Company and certain of its U.S subsidiaries and is guaranteed by those U.S. subsidiaries.
- The Company is required to maintain a Total Consolidated Debt Leverage Ratio of no more than 4.0 to 1.0 at the end of each quarter through June 30, 2023 and stepping down to a maximum permitted ratio of no more than 3.75 to 1.0 for the remainder of the term.
- The Company is required to maintain a Fixed Charge Coverage Ratio of 1.25 to 1.0 for the duration of the Credit Agreement, as defined in the Credit Agreement.
- The Credit Agreement limits the Company's ability to, among other things, create liens, make investments, incur more indebtedness, merge or consolidate, make dispositions of property, pay dividends, make distributions to stockholders or repurchase our stock, enter into a new line of business, enter into transactions with affiliates and enter into burdensome agreements.
- The Credit Agreement does not limit the Company's ability to acquire other businesses or companies except that the acquired business or company must be in the Company's line of business, the Company must be in compliance with the financial covenants on a pro forma basis after taking into account the acquisition, and the Company must provide written notice at least five business days prior to the date of an acquisition of \$10 million or more.
- Quarterly payments on the term loan of \$1.56 million through June 30, 2024, then increasing to \$2.34 million through June 30, 2025, and to \$3.12 million for each quarterly payment thereafter through maturity.

As of March 31, 2025, the Company had borrowings of \$169.6 million and a total of \$3.1 million of letters of credit outstanding under the Credit Agreement. The Company has capitalized costs associated with debt modifications of \$0.8 million as of March 31, 2025, which is included in Other Assets on the Condensed Consolidated Balance Sheets and will be amortized into interest expense over the remaining term of the Credit Agreement through July 30, 2027.

As of March 31, 2025, the Company was in compliance with the terms and covenants of the Credit Agreement. The Company continuously monitors compliance with the covenants contained in the Credit Agreement. The Company believes that it is probable that the Company will be able to comply with the financial covenants in the Credit Agreement and that sufficient credit remains available under the Credit Agreement to meet the Company's liquidity needs. However, such matters cannot be predicted with certainty.

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**Other debt**

The Company's other debt includes bank financing provided at the local subsidiary level used to support working capital requirements and fund capital expenditures. At March 31, 2025, there was an aggregate of approximately \$2.2 million outstanding, payable at various times through 2030. Monthly payments range from \$0.7 thousand to \$16.0 thousand and interest rates range from 0.4% to 3.5%.

**12. Fair Value Measurements**

The Company performs fair value measurements in accordance with the guidance provided by ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a three level hierarchy that prioritizes the inputs used to measure fair value.

***Financial instruments not measured at fair value on a recurring basis***

The Company has evaluated current market conditions and borrower credit quality and has determined that the carrying value of its long-term debt approximates fair value. The fair value of the Company's notes payable and finance lease obligations approximates their carrying amounts based on anticipated interest rates which management believes would currently be available to the Company for similar issuances of debt.

**13. Commitments and Contingencies*****Legal Proceedings and Government Investigations***

The Company is periodically involved in lawsuits, investigations and claims. While uncertainties exist with respect to the ultimate resolution of lawsuits, investigations and claims asserted against it, the Company, based on currently available information, does not believe that any currently pending or threatened legal proceeding to which the Company is a party, or is likely to become a party, including those proceedings identified in this Note 13, will have a material adverse effect on its business, results of operations, cash flows or financial condition. The costs incurred by the Company to defend lawsuits, investigations and claims and amounts the Company pays to other parties because of these matters may be covered by insurance in some circumstances.

**Litigation and Commercial Claims**

The Company and a subsidiary of the Company, Mistras Arizona Inspection Services LLC ("Mistras Arizona"), are subject to a lawsuit filed by the State of Arizona and the Arizona Department of Environmental Quality (collectively "DEQ"). The lawsuit, captioned State of Arizona v. Mistras Group, Inc., Mistras Arizona Inspection Services, LLC and Naiman Phoenix, Ltd., was originally filed on February 27, 2024, in the Superior Court of the State of Arizona for Maricopa County, CV 2024-003866 (the "DEQ Complaint"). The DEQ Complaint alleges various violations of Arizona environmental laws and regulations by the Company and Mistras Arizona in connection with the operation by Mistras Arizona of its testing facility in Phoenix, Arizona. The DEQ Complaint seeks, through injunctive relief, the closing of a chromic acid plating line at the testing facility, implementation of a site assessment plan approved by the DEQ, and corrective and remedial action to bring the testing facility into compliance with laws and regulations. In addition, the DEQ Complaint seeks unspecified penalties and costs.

The Superior Court held a hearing September 2024 regarding the DEQ's request for a preliminary injunction. On October 23, 2024, the Superior Court issued a ruling, which declined to issue the preliminary injunction requested by the DEQ, but imposed the following conditions on the Company and Mistras Arizona unless and until modified by the Superior Court or entry of a final judgement: (1) the Company and Mistras Arizona are prohibited from releasing or permitting any release of chromic acid from the facility; (2) within a reasonable time, the Company and Mistras Arizona must complete improvements to the testing facility designed to prevent future discharges of chromium or chromic acid; (3) the Company must notify the DEQ upon completion of the improvement to enable the DEQ to conduct an inspection; and (4) the Company and Mistras Arizona are prohibited from engaging in any chrome plating operations at the testing facility until they notify the DEQ that the improvements have been completed. The DEQ may seek relief if it determines that the improvements are not sufficient to prevent discharges. In April 2025, Mistras Arizona notified the DEQ of its completed improvements, and the DEQ inspected the improvements. Following the DEQ site visit, Mistras Arizona commenced its chrome plating operations on April 28, 2025.

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The Company intends to continue complying with the Superior Court's ruling. This matter is still in the relatively early stages, including as to factual and expert discovery. It is probable that remediation costs, fines and penalties may be imposed related to this lawsuit. However, the Company is unable to estimate the range of loss that it may incur.

In addition, Mistras Arizona's operations in Phoenix are located at a leased site within the footprint of the Motorola 52nd Street Superfund Site (the "Motorola Site"). Mistras Arizona received a General Notice Letter from the US Environmental Protection Agency (the "EPA"), dated May 21, 2024, informing Mistras Arizona that the EPA has identified it as a potentially responsible party in relation to the Motorola Site. On April 29, 2025, the Company received a notice from the EPA requesting information regarding the improvements and other matters related to Phoenix testing facility.

As it relates to this lawsuit, the recorded probable losses remain an estimate, and actual costs arising from this matter could materially differ depending on the actual costs incurred as well as the availability of additional insurance coverage.

#### ***Pension Related Contingencies***

Certain of the Company's subsidiaries had significant reductions in their unionized workers in 2018. The collective bargaining agreements for the employees of these subsidiaries required contributions for these employees to two national multi-employer pension funds. The reduction in employees resulted in one of the Company's subsidiaries incurring a complete withdrawal to one of the pension funds under the Employee Retirement Income Security Act of 1974 ("ERISA"), which was fully satisfied in 2019. The Company has determined that the subsidiary is likely to incur partial or complete withdrawal liability to the other pension fund. The balance of the estimated total amount of this potential liability as of March 31, 2025 is approximately \$2.5 million, which were incurred in 2018 and 2019.

#### **14. Segment Disclosure**

The Company's three operating segments, which are also the Company's reportable segments, are:

- *North America*: This segment provides asset protection solutions predominantly in North America, with the largest concentration in the United States, followed by Canada, consisting primarily of NDT, inspection, mechanical and engineering services that are used to evaluate the safety, structural integrity and reliability of critical energy, industrial and public infrastructure and commercial aerospace components. Software, digital and data services are included in this segment.
- *International*: This segment offers services, products and systems similar to those of the other segments to select markets within Europe, the Middle East, Africa, Asia and South America, but not to customers in China and South Korea, which are served by the Products and Systems segment.
- *Products and Systems*: This segment designs, manufactures, sells, installs and services the Company's asset protection products and systems, including equipment and instrumentation, predominantly in the United States.

Costs incurred for general corporate services, including finance, legal, and certain other costs that are provided to the segments are reported within Corporate and eliminations. Sales to the International segment from the Products and Systems segment and subsequent sales by the International segment of the same items are recorded and reflected in the operating performance of both segments. Additionally, engineering charges and royalty fees charged to the North America and International segments by the Products and Systems segment are reflected in the operating performance of each segment.

The chief operating decision maker ("CODM") reviews financial information at the operating segment level to allocate resources and to assess the operating results and financial performance for each operating segment. For the year ended December 31, 2024, our CODM was identified as Manny Stamatakis, the Interim Chief Executive Officer, because he has final authority over performance assessment and resource allocation decisions. Beginning January 1, 2025, our CODM was identified as Natalia Shuman, upon her appointment as our Chief Executive Officer effective January 1, 2025, as she has final authority over performance assessment and resource allocation decisions. Our segments are based on the type and concentration of customers served, service requirements, methods of distribution and major product lines.

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Segment income (loss) from operations is the primary performance measure used by the CODM to evaluate segment performance and allocate resources, including considering budget-to-actual variances and prior year-to-actual variances on a monthly basis in accordance with GAAP under ASC 280, Segment Reporting. Segment income (loss) from operations for each of the Company's reportable segments are comprised of revenue, selling, general & administrative expenses, and "other expenses." "Other expenses" include cost of revenue, bad debt provision for troubled customers, goodwill impairment charges, reorganization and environmental costs, legal settlements and recoveries, acquisition-related expenses, depreciation and amortization and research and engineering.

Corporate and other assets are comprised principally of cash, deposits, property, plant and equipment, domestic deferred taxes, deferred charges and other assets. Corporate loss from operations consists of administrative charges related to corporate personnel and other charges that cannot be readily identified for allocation to a particular segment. These items of our operating profit are managed centrally at the corporate level and are excluded from the measure of segment income reviewed by the CODM, as well as the measure of segment performance used for incentive compensation purposes.

The accounting policies of the reportable segments are the same as those described in Note 1 - *Description of Business and Basis of Presentation*.

Selected consolidated financial information by segment for the periods shown was as follows. Income (loss) from operations by operating segment includes intercompany transactions, which are eliminated in Corporate and eliminations.

**For the three months ended March 31, 2025**

	Segment					
	North America	International	Products and Systems	Total Reportable Segments	Corporate and eliminations	Total
Revenue	\$ 128,902	\$ 33,214	\$ 3,091	\$ 165,207	\$ (3,592)	\$ 161,615
Selling, general & administrative expenses	20,739	7,206	838	28,783	6,869	35,652
Other Expenses	101,648	24,927	1,926	128,501	(1,526)	126,975
Income (loss) from operations	<u>\$ 6,515</u>	<u>\$ 1,081</u>	<u>\$ 327</u>	<u>\$ 7,923</u>	<u>\$ (8,935)</u>	<u>\$ (1,012)</u>

**For the three months ended March 31, 2024**

	Segment					
	North America	International	Products and Systems	Total Reportable Segments	Corporate and eliminations	Total
Revenue	\$ 150,349	\$ 33,047	\$ 3,210	\$ 186,606	\$ (2,164)	\$ 184,442
Selling, general & administrative expenses	20,008	7,400	944	28,352	7,900	36,252
Other Expenses	116,780	24,523	1,952	143,255	(618)	142,637
Income (loss) from operations	<u>\$ 13,561</u>	<u>\$ 1,124</u>	<u>\$ 314</u>	<u>\$ 14,999</u>	<u>\$ (9,446)</u>	<u>\$ 5,553</u>

The tables above only reconcile to income (loss) from operations as our measure of segment profitability and the remainder of the reconciliation to net income (loss) can be seen on the Unaudited Condensed Consolidated Statement of Income (Loss). Products and Systems segment revenue was comprised of approximately \$1.0 million and \$0.9 million of sales to the International segment, which were eliminated upon consolidation, for the three months ended March 31, 2025 and March 31, 2024, respectively. Intersegment revenue related to sales between other segments was immaterial for each of the three month periods ended March 31, 2025 and March 31, 2024.

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Selected consolidated financial information by segment for the periods shown was as follows: (with intercompany transactions eliminated in Corporate and eliminations):

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
<b>Intangible assets, net</b>		
North America	\$ 29,912	\$ 30,869
International	1,044	1,377
Products and Systems	871	946
Corporate and eliminations	7,360	6,516
	<u>\$ 39,187</u>	<u>\$ 39,708</u>

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
<b>Total assets</b>		
North America	\$ 389,526	\$ 390,052
International	101,644	97,546
Products and Systems	11,109	11,280
Corporate and eliminations	24,510	24,160
	<u>\$ 526,789</u>	<u>\$ 523,038</u>

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
<b>Long-lived assets</b>		
North America	\$ 268,134	\$ 268,608
International	\$ 25,948	\$ 24,822
Products and Systems	963	1,049
Corporate and eliminations	8,468	7,563
	<u>\$ 303,513</u>	<u>\$ 302,042</u>

Refer to Note 2 - *Revenue*, for revenue by geographic area for the three months ended March 31, 2025 and 2024.

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## **ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following Management's Discussion and Analysis ("MD&A") provides a discussion of our results of operations and financial position for the three months ended March 31, 2025 and 2024. The MD&A should be read together with our Unaudited Condensed Consolidated Financial Statements and related notes included in Item 1 in this Quarterly Report on Form 10-Q (the "Quarterly Report") and our audited consolidated financial statements and related notes included in our 2024 Annual Report. Unless otherwise specified or the context otherwise requires, "Mistras," "the Company," "we," "us" and "our" refer to Mistras Group, Inc. and its consolidated subsidiaries. The MD&A includes the following sections:

- Forward-Looking Statements
- Overview
- Note about Non-GAAP Measures
- Consolidated Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

### **Forward-Looking Statements**

This Quarterly Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. These forward-looking statements are based on our current expectations and projections about future events and they are subject to risks and uncertainties known and unknown that could cause actual results and developments to differ materially from those expressed or implied in such statements.

In some cases, you can identify forward-looking statements by terminology, such as "goals," or "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "may," "could," "should," "would," "predicts," "appears," "projects," or the negative of such terms or other similar expressions. You are urged not to place undue reliance on any such forward-looking statements, any of which may turn out to be wrong due to inaccurate assumptions, various risks, uncertainties or other factors known and unknown. Factors that could cause or contribute to differences in results and outcomes from those in our forward-looking statements, including any impacts from the imposition of tariffs or other trade restrictions and changes to the U.S. trade policy, include, without limitation, those discussed in the "Business—Forward-Looking Statements," and "Risk Factors" sections of our 2024 Annual Report as well as those discussed in this Quarterly Report and in our other filings with the SEC. In addition, there are various developments discussed below which could create risks and uncertainty about our business, results of operations or liquidity.

### **Overview**

We are a leading "one source" multinational provider of integrated technology-enabled asset protection solutions, helping to maximize the safety and operational uptime for civilization's most critical industrial and civil assets.

Backed by an innovative, data-driven asset protection portfolio, proprietary technologies, and a decades-long legacy of industry leadership, the Company helps customers with asset-intensive infrastructure in the oil and gas, aerospace and defense, industrials, power generation and transmission (including alternative and renewable energy), other process industries and infrastructure, research and engineering and other industries towards achieving and maintaining operational excellence. By supporting these organizations that help fuel our vehicles and power our society; inspecting components that are trusted for commercial, defense, and space craft; building real-time monitoring equipment to enable safe travel across bridges; and helping to propel sustainability, the Company helps the world at large.

The Company enhances value for its clients by integrating asset protection throughout supply chains and centralizing integrity data through a suite of Industrial Internet of Things ("IoT")-connected digital software and monitoring solutions, including OneSuite™, which serves as an ecosystem platform, pulling together all of the Company's software and data services capabilities, for the benefit of its customers.

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The Company's core capabilities also include non-destructive testing ("NDT") field inspections enhanced by advanced robotics, laboratory quality control and assurance testing, sensing technologies and NDT equipment, asset and mechanical integrity engineering services, and light mechanical maintenance and access services.

Our operations consist of three reportable segments: North America, International, and Products and Systems.

- *North America* provides asset protection solutions predominantly in North America, with the largest concentration in the United States, followed by Canada, consisting primarily of NDT, inspection, mechanical and engineering services that are used to evaluate the safety, structural integrity and reliability of critical energy, industrial and public infrastructure and commercial aerospace components. Software, digital and data services are included in this segment.
- *International* offers services, products and systems similar to those of the other segments to select markets within Europe, the Middle East, Africa, Asia and South America, but not to customers in China and South Korea, which are served by the Products and Systems segment.
- *Products and Systems* designs, manufactures, sells, installs and services the Company's asset protection products and systems, including equipment and instrumentation, predominantly in the United States.

Given the role our solutions play in enhancing the safe and efficient operation of infrastructure, we have historically provided a majority of our solutions to our customers on a regular, recurring basis. We perform these services largely at our customers' facilities, while primarily servicing our aerospace customers at our network of state-of-the-art, in-house laboratories. These solutions typically include NDT and inspection services, and can also include a wide range of mechanical services, including heat tracing, pre-inspection insulation stripping, coating applications, re-insulation, engineering assessments and long-term condition-monitoring. Under this business model, many customers outsource their inspection to us on a "run and maintain" basis. We have established long-term relationships as a critical solutions provider to many of the leading companies with asset-intensive infrastructure in our target markets. These markets include companies in the oil and gas, aerospace and defense, industrials, power generation and transmission (including alternative and renewable energy), other process industries and infrastructure, research and engineering and other industries.

We have focused on providing our advanced asset protection solutions to our customers using proprietary, technology-enabled software and testing instruments, including those developed by our Products and Systems segment. We have made numerous acquisitions in the past in an effort to grow our base of experienced, certified personnel, expand our service lines and technical capabilities, increase our geographical reach, complement our existing offerings, and leverage our fixed costs. We have increased our capabilities and the size of our customer base through the development of applied technologies and managed support services, organic growth and the integration of acquired companies. These acquisitions have provided us with additional service lines, technologies, resources and customers which we believe enhance our advantages over our competition.

We believe long-term growth can be realized in our target markets. Our level of business and financial results are impacted by world-wide macro- and micro-economic conditions generally, as well as those within our target markets. Among other things, we expect the timing of our oil and gas customers inspection spend to be impacted by oil price fluctuations.

We have continued providing our customers with an innovative asset protection software ecosystem through our OneSuite platform. The software platform offers functions of our software and services brands as integrated apps on a cloud environment. OneSuite serves as a single access portal for customers' data activities and provides access to 90 plus applications being offered on one centralized platform.

### ***Recent Developments***

Our cash position and liquidity remains strong. As of March 31, 2025, our cash balance was approximately \$18.5 million and, with our Credit Agreement, provides us with significant liquidity.

As discussed above in Note 1 - Description of Business and Basis of Presentation, we changed the presentation of certain costs incurred at our operational labs as well as for certain lab personnel on our Unaudited Condensed Consolidated Statements of Income (Loss). This voluntary change in classification of certain overhead and personnel costs, which were determined to be directly related to the delivery of our services, resulted in a decrease in from selling, general and administrative expenses and an

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offsetting increase in cost of revenue. We believe this presentation is preferable as it will provide greater transparency regarding our cost of revenue and better align with how our business is managed.

The Company is currently unable to predict with certainty the overall impact of continuing inflationary pressures or increased costs due to the imposition of tariffs and other trade barriers or changes to U.S. trade policy may have on its business, results of operations or liquidity or in other ways which the Company cannot yet determine. The Company's European operations are currently experiencing higher energy costs, among other increased costs, due in part to the on-going war between Russia and Ukraine and the conflict in the Middle East between Israel and Hamas. The Company will continue to monitor market conditions and respond accordingly.

On December 5, 2024, our Board of Directors (the "Board"), in furtherance of its management succession planning, appointed Natalia Shuman, as the Company's President and Chief Executive Officer, with Manny Stamatakis continuing as the Executive Chairman of the Company effective as of January 1, 2025. Mr. Stamatakis served as our Chairman of the Board and Interim President and Chief Executive Officer until December 31, 2024.

On December 12, 2024, we announced the appointment of Hani Hammad to the position of Executive Vice President and Chief Operating Officer effective as of January 1, 2025.

On February 6, 2025, we announced the passing of Dr. Sotirios J. Vahaviolos, our founder and Chairman Emeritus.

On February 13, 2025, we announced the termination of John A. Smith as our Executive Vice President and President of Services as of February 7, 2025.

***Note About Non-GAAP Measures***

The Company prepares its consolidated financial statements in accordance with GAAP. In this MD&A under the heading "Income (loss) from Operations", the non-GAAP financial performance measure "Income (loss) from operations before special items" is used for each of our three operating segments, the Corporate segment and the "Total Company", with tables reconciling the measure to a financial measure under GAAP. This presentation excludes from "Income (loss) from Operations" (a) transaction expenses related to acquisitions, such as professional fees and due diligence costs, (b) the net changes in the fair value of acquisition-related contingent consideration liabilities, (c) impairment charges, (d) reorganization and other costs, which includes items such as severance, labor relations matters and asset and lease termination costs and (e) other special items. These adjustments have been excluded from the GAAP measure because these expenses and credits are not related to our or any individual segment's core business operations. The acquisition related costs and special items can be a net expense or credit in any given period. Our management uses this non-GAAP measure as a measure of operating performance and liquidity to assist in comparing performance from period to period on a consistent basis, as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations. We believe investors and other users of our financial statements benefit from the presentation of this non-GAAP measure in evaluating our performance. Income (loss) before special items excludes the identified adjustments, which provides additional tools to compare our core business operating performance on a consistent basis and measure underlying trends and results in our business. Income (loss) before special items is not used to determine incentive compensation for executives or employees, nor is it a replacement for the reported GAAP financial performance and/or necessarily comparable to the non-GAAP financial measures of other companies. Any measure that eliminates the foregoing items has material limitations as a performance or liquidity measure and should not be considered alternatives to net income (loss) or any other measures derived in accordance with GAAP. Because Income (loss) from operations before special items may not be calculated in the same manner by all companies, this measure may not be comparable to other similarly titled measures used by other companies.

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### **Results of Operations**

Condensed consolidated results of operations for the three months ended March 31, 2025 and 2024 were as follows:

	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenue</b>	\$ 161,615	\$ 184,442
<b>Gross profit</b>	40,892	46,153
<i>Gross profit as a % of Revenue</i>	<i>25.3 %</i>	<i>25.0 %</i>
<b>(Loss) income from operations</b>	(1,012)	5,553
<i>(Loss) income from operations as a % of Revenue</i>	<i>(0.6)%</i>	<i>3.0 %</i>
<b>(Loss) income before benefit for income taxes</b>	(4,336)	1,123
<b>Net (loss) income</b>	(3,168)	1,004
<b>Net (loss) income attributable to Mistras Group, Inc.</b>	\$ (3,186)	\$ 995

### **Revenue**

Revenue was \$161.6 million for the three months ended March 31, 2025, a decrease of \$22.8 million, or 12.4%, compared with the three months ended March 31, 2024.

Revenue by segment for the three months ended March 31, 2025 and 2024 were as follows:

	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenue</b>		
North America	\$ 128,902	\$ 150,349
International	33,214	33,047
Products and Systems	3,091	3,210
Corporate and eliminations	(3,592)	(2,164)
<b>Total</b>	<b>\$ 161,615</b>	<b>\$ 184,442</b>

### *Three Months*

In the three months ended March 31, 2025, total revenue decreased 12.4% versus the prior year comparable period due predominantly to a high single-digit organic decrease. North America segment revenue decreased 14.3%, driven predominantly by a decrease in our Oil and Gas market revenue and declines in demand in other key markets due to macroeconomic factors such as uncertainties driven by continuing inflationary pressures and increased costs due to the imposition of tariffs. International segment revenue increased 0.5%, due predominantly to low double-digit organic growth and low single-digit favorable impact of foreign exchange rates. Products and Systems segment revenue decreased by 3.7%, due to decreased sales volume and shipments as compared to the prior year comparable period.

Oil and gas customer revenue comprised approximately 60% and 61% of total revenue for the three months ended March 31, 2025 and 2024, respectively. Aerospace and defense customer revenue comprised approximately 13% and 12% of total revenue for the three months ended March 31, 2025 and 2024, respectively. The Company's top ten customers comprised approximately 37% of total revenue for the three months ended March 31, 2025, as compared to 39% for the three months ended March 31, 2024, with no customer accounting for 10% or more of total revenue in either three-month period.

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	Three months ended March 31,	
	2025	2024
<b>Oil and Gas Revenue by sub-category</b>		
Upstream	\$ 40,251	\$ 41,767
Midstream	15,808	21,392
Downstream	40,505	50,006
Total	<u>\$ 96,564</u>	<u>\$ 113,165</u>

Oil and gas upstream customer revenue decreased approximately \$1.5 million, or 4%, due primarily to market share losses and decreased exploration activity as compared to the prior year comparable period. Midstream customer revenues decreased approximately \$5.6 million, or 26%, due to decreased pipe inspection services performed as compared to the prior year comparable period. Downstream customer revenues decreased \$9.5 million or, 19%, primarily due to decreased customer turnarounds in the current year that were delayed in the prior year comparable period.

	Three months ended March 31,	
	2025	2024
<b>Revenue by type</b>		
Field Services	\$ 110,175	\$ 126,355
Shop Laboratories	15,029	17,195
Data Analytical Solutions	13,981	15,539
Other	22,430	25,353
Total	<u>\$ 161,615</u>	<u>\$ 184,442</u>

In presenting the allocation of revenue by type in the table above, management makes certain assumptions in its allocation of revenue from laboratories that provide more than one type of service. The allocation methodology and assumptions made are consistent for the years presented.

Field Services revenue is comprised of revenue derived primarily by technicians performing asset inspections and maintenance services for our customers at locations other than Mistras properties. Field Services revenue decreased by \$16.2 million as compared to the prior year comparable period, primarily due to decreases in sales volume in our oil and gas, industrials and infrastructure, research and engineering end markets within our North America segment and oil and gas end market within our International segment.

Shop Laboratory revenue is comprised of quality assurance inspections of components and materials at our Mistras in house laboratory facilities. Shop Laboratory revenue decreased by \$2.2 million as compared to the prior year comparable period due to decreased sales volumes in our aerospace and defense end market in our North America and International segments.

Data Analytical Solutions revenue is comprised of revenue derived from data software sales & subscriptions, implementation services and analytics which offer insights and generate value from asset protection. Data Analytical Solutions revenue is derived from work performed by our employees in our facilities, or at customer locations. Data Analytical Solutions revenue decreased by \$1.6 million as compared to the prior year comparable period due to decreased sales volume within PCMS and other Data Analytical Solutions offerings within our North America segment.

Other revenue is comprised of locations that perform both asset inspection services and testing of components and materials at in house Mistras laboratories. Other revenue decreased by \$2.9 million as compared to the prior year comparable period primarily due to decreased sales within the defense sector within the North America segment.

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## Gross Profit

Gross profit, which reflects the reclassification of certain overhead and personnel costs from selling, general and administrative expenses to cost of revenue (see Note 1 - Description of Business and Basis of Presentation), decreased by \$5.3 million, or 11.4%, in the three months ended March 31, 2025 versus the prior year comparable period primarily due to a decrease in revenue of 12.4%, partially offset by lower healthcare claims expense in the current year period and a favorable sales mix.

Gross profit by segment for the three months ended March 31, 2025 and 2024 was as follows:

	Three months ended March 31,	
	2025	2024
<b>Gross profit <sup>(1)</sup></b>		
North America	\$ 30,165	\$ 35,245
% of segment revenue	23.4 %	23.4 %
International	9,088	9,269
% of segment revenue	27.4 %	28.0 %
Products and Systems	1,623	1,613
% of segment revenue	52.5 %	50.2 %
Corporate and eliminations	16	26
	<u>\$ 40,892</u>	<u>\$ 46,153</u>
% of total revenue	25.3 %	25.0 %

(1) As noted in Note 1, the Company changed the presentation of certain costs incurred at its operational labs as well as the costs for certain personnel that indirectly support the Company's delivery of services on its Consolidated Statements of Income (Loss). This voluntary change in classification of certain overhead and employee costs, which, were determined to be directly related to the Company's delivery of services, resulted in a decrease in Selling, general and administrative expenses and an offsetting increase in Cost of revenue. The impact on gross profit of this change in classification for the year ended December 31, 2024 was approximately \$20.9 million.

### Three Months

Gross profit margin was 25.3% and 25.0% for the three-month periods ended March 31, 2025 and 2024, respectively. Gross profit margin for the North America segment was flat during the three months ended March 31, 2025 as compared to the prior year comparable period. International segment realized a 0.6% decline in gross profit margin to 27.4% during the three months ended March 31, 2025 as compared to the prior year comparable period due primarily to an unfavorable sales mix and increased energy costs in the current year period. Products and Systems segment gross margin had an increase of 2.3% in gross profit margin to 52.5% during the three months ended March 31, 2025 due to increased sales volume as compared to the prior period.

## Operating Expenses

Operating expenses for the three months ended March 31, 2025 and 2024 was as follows:

	Three months ended March 31,	
	2025	2024
<b>Operating Expenses</b>		
Selling, general and administrative expenses	\$ 35,652	\$ 36,252
Environmental expense	540	—
Reorganization and other costs	3,087	1,558
Research and engineering	299	343
Depreciation and amortization	2,326	2,447

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*Three Months*

Operating expenses increased \$1.3 million, or 3.2%, for the three months ended March 31, 2025 compared to the three months ended March 31, 2024. Selling, general and administrative expenses decreased \$0.6 million during the three months ended March 31, 2025 compared to the three months ended March 31, 2024, due to continued cost discipline and our focus on the calibration of our overhead costs relative to revenue achieved, partially offset by an unfavorable foreign exchange impact as compared to the prior year comparable period. As discussed in Note 1 - Description of Business and Basis of Presentation,

selling, general and administrative expenses reflect the classification change for certain overhead and personnel costs from selling, general and administrative expenses to cost of revenue. Environmental expense increased by \$0.5 million as compared to the prior year comparable period due to environmental costs incurred for the current period, which were not incurred during the prior year comparable period. Reorganization and other costs increased by \$1.5 million to \$3.1 million as compared to the prior year comparable period due to continued calibration of the Company's headcount and other related costs. Depreciation and amortization decreased \$0.1 million during the three months ended March 31, 2025 compared to the three months ended March 31, 2024.

**Income (loss) from Operations**

The following table shows a reconciliation of the income from operations to income (loss) from operations before special items for each of our three segments, Corporate and Elimination and for the Company in total:

	Three months ended March 31,	
	2025	2024
<b>North America:</b>		
Income from operations (GAAP)	\$ 6,515	\$ 13,561
Reorganization and other costs	1,358	—
Income from operations before special items (non-GAAP)	\$ 7,873	\$ 13,561
<b>International:</b>		
Income from operations (GAAP)	\$ 1,081	\$ 1,124
Reorganization and other costs	178	102
Income from operations before special items (non-GAAP)	\$ 1,259	\$ 1,226
<b>Products and Systems:</b>		
Income from operations (GAAP)	\$ 327	\$ 314
Reorganization and other costs	151	2
Income from operations before special items (non-GAAP)	\$ 478	\$ 316
<b>Corporate and Eliminations:</b>		
Loss from operations (GAAP)	\$ (8,935)	\$ (9,446)
Environmental expense	540	—
Reorganization and other costs	1,400	1,454
Loss from operations before special items (non-GAAP)	\$ (6,995)	\$ (7,992)
<b>Total Company:</b>		
(Loss) income from operations (GAAP)	\$ (1,012)	\$ 5,553
Environmental expense	540	—
Reorganization and other costs	3,087	1,558
Income from operations before special items (non-GAAP)	\$ 2,615	\$ 7,111

See section *Note About Non-GAAP Measures* in this Quarterly Report for an explanation of the use of non-GAAP measurements.

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### Three Months

For the three months ended March 31, 2025, (loss) income from operations (GAAP) decreased \$6.6 million or 118.2%, compared with the three months ended March 31, 2024, while the income from operations before special items (non-GAAP) decreased by \$4.5 million, or 63.2%. As a percentage of revenue, income (loss) before special items decreased by 230 basis points to 1.6% in the three months ended March 31, 2025 compared to 3.9% in the three months ended March 31, 2024.

### Interest Expense

Interest expense was approximately \$3.3 million and \$4.4 million for the three months ended March 31, 2025 and 2024, respectively. The decrease was a result of lower overall borrowings in comparison to the prior period.

### Income Taxes

Our effective income tax rate was approximately 26.9% and 10.6% for the three months ended March 31, 2025 and 2024, respectively.

The effective income tax rate for the three months ended March 31, 2025 was higher than the statutory rate primarily due to the impact of favorable discrete items related to stock compensation. The effective income tax rate for the three months ended March 31, 2024 was lower than the statutory rate primarily due to the impact of a favorable discrete item related to stock compensation.

Income tax expense varies as a function of pre-tax income and the level of non-deductible expenses, such as certain amounts of meals and entertainment expense, valuation allowances, and other permanent differences. It is also affected by discrete items that may occur in any given year but are not consistent from year to year. Our effective income tax rate may fluctuate over the next few years due to many variables including the amount and future geographic distribution of our pre-tax income, changes resulting from our acquisition strategy, and increases or decreases in our permanent differences.

### Liquidity and Capital Resources

Cash flows are summarized in the table below:

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Net cash provided by (used in):		
Operating activities	\$ 5,645	\$ 604
Investing activities	(5,414)	(5,648)
Financing activities	(702)	5,127
Effect of exchange rate changes on cash	690	(874)
Net change in cash and cash equivalents	<u>\$ 219</u>	<u>\$ (791)</u>

### Cash Flows from Operating Activities

During the three months ended March 31, 2025, cash provided by operating activities was \$5.6 million, representing a year-on-year increase of \$5.0 million, or 835%. The increase was primarily attributable to a decrease in days sales outstanding and movements in working capital, as compared to the prior year comparable period.

### Cash Flows from Investing Activities

During the three months ended March 31, 2025, cash used in investing activities was \$5.4 million, representing a \$0.2 million decrease, primarily attributable to decreased expenditures for property, plant, and equipment.

**Mistras Group, Inc. and Subsidiaries**  
**Management's Discussion and Analysis of Financial Condition and Results of Operations**  
*(tabular dollars are in thousands)*

**Cash Flows from Financing Activities**

Net cash used in financing activities was \$0.7 million for the three months ended March 31, 2025, compared to net cash provided by financing activities of \$5.1 million for the three months ended March 31, 2024. During the three months ended March 31, 2025, net borrowings of debt were approximately \$6.0 million lower as compared to the prior year comparable period resulting in net debt borrowings during the period. The decrease in net cash provided by financing activities is partially offset by \$0.1 million less taxes paid related to net share settlement of share-based awards during the three months ended March 31, 2025.

**Effect of Exchange Rate Changes on Cash and Cash Equivalents**

The effect of exchange rate changes on our cash and cash equivalents was an increase of \$0.7 million in the three months ended March 31, 2025, compared to an decrease of \$0.9 million for the three months ended March 31, 2024.

**Cash Balance and Credit Facility Borrowings**

As of March 31, 2025, we had cash and cash equivalents totaling \$18.5 million and \$114.0 million of unused commitments under our Credit Agreement with borrowings of \$169.6 million and \$3.1 million of letters of credit outstanding. We finance operations primarily through our existing cash balances, cash collected from operations, bank borrowings and capital lease financing. We believe these sources are sufficient to fund our operations for the foreseeable future.

As of March 31, 2025, we were in compliance with the terms of the Credit Agreement and will continuously monitor our compliance with the covenants contained in the Credit Agreement.

The terms of our Credit Agreement are described in Note **11 - Long-Term Debt** of the Notes to the Unaudited Condensed Consolidated Financial Statements, under the heading "*Senior Credit Facility*".

**Contractual Obligations**

There have been no significant changes in our contractual obligations and outstanding indebtedness as disclosed in the 2024 Annual Report.

**Off-balance Sheet Arrangements**

During the three months ended March 31, 2025, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

### **Critical Accounting Policies and Estimates**

There have been no significant changes to our critical accounting policies and estimates from the information provided in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in the 2024 Annual Report.

### **ITEM 3. Quantitative and Qualitative Disclosures about Market Risk**

There have been no significant changes to our quantitative and qualitative disclosures about market risk as discussed in Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk,” included in the 2024 Annual Report.

### **ITEM 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Pursuant to Rule 13a-15(b) under the Exchange Act, our management carried out an evaluation, under the supervision and with the participation of our President and Chief Executive Officer and our Executive Vice President, Chief Financial Officer and Treasurer, of the effectiveness of the design and operation of our disclosure controls (as defined in Rule 13a-15(e) of the Exchange Act) and procedures. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President, Chief Financial Officer and Treasurer concluded that, as of March 31, 2025, our disclosure controls and procedures were effective.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. Legal Proceedings

See Note 13 - *Commitments and Contingencies* to the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report for a description of our legal proceedings. There have been no material legal proceedings and no material developments with regard to any matters disclosed under Part I, Item 3 "Legal Proceedings" in our 2024 Annual Report, except as disclosed herein under Note 13 - *Commitments and Contingencies* to the Notes to the Unaudited Condensed Consolidated Financial Statements.

### ITEM 1.A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors discussed under the "Risk Factors" section included in our 2024 Annual Report. There have been no material changes to the risk factors previously disclosed in the 2024 Annual Report.

### ITEM 2. Unregistered Sale of Equity Securities and Use of Proceeds

#### (a) Sales of Unregistered Securities

None.

#### (b) Use of Proceeds from Public Offering of Common Stock

None.

#### (c) Repurchases of Our Equity Securities

The following table sets forth the shares of our common stock we acquired during the quarter as a result of the surrender of shares by employees to satisfy tax withholding obligations in connection with the vesting or settlement of restricted stock units.

Month Ending	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)
January 31, 2025	—	\$ —
February 28, 2025	5,813	\$ 9.84
March 31, 2025	141,651	\$ 10.04

### ITEM 3. Defaults Upon Senior Securities

None.

### ITEM 4. Mine Safety Disclosures

Not applicable.

### ITEM 5. Other Information

#### *Rule 10b5-1 Trading Plans*

During the three months ended March 31, 2025, none of the Company's directors or officers, as defined in Section 16 of the Securities Exchange Act of 1934, adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K of the Securities Exchange Act of 1934.

During the three months ended March 31, 2025, the Company did not adopt, terminate or modify a Rule 10b5-1 trading arrangement.

**ITEM 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.1</a>	<a href="#">Stock Option Award Agreement between the registrant and Manuel Stamatakis dated January 6, 2025</a>
<a href="#">18.1</a>	<a href="#">Preferability Letter from Independent Registered Public Accounting Firm</a>
<a href="#">31.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</a>
<a href="#">31.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</a>
<a href="#">32.1</a>	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.LAB	Inline XBRL Labels Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document

**Signatures**

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

**MISTRAS GROUP, INC.**

By: /s/ Edward J. Prajzner  
Edward J. Prajzner  
Senior Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer and duly authorized officer)

Date: May 9, 2025

**MISTRAS GROUP, INC.**  
**OPTION AWARD AGREEMENT**

This Option Award Agreement (this “Award Agreement”), effective as of the Date of Grant set forth below, represents the grant of an option (the “Option”) to purchase shares of common stock, par value \$.01 per share (“Common Stock”), of Mistras Group, Inc. (the “Company”) to Manuel N. Stamatakis (the “Participant”), subject to the terms and conditions set forth below. The grant of the Option has been made by the Board of Directors (the “Board”) of the Company and the Compensation Committee (the “Committee”) of the Board. The number of shares of Common Stock that may be purchased pursuant to the Option, and the per share exercise price (the “Exercise Price”) payable for shares of Common Stock upon exercise of the Option, are set forth in Article I of this Award Agreement.

The grant of the Option pursuant to this Award Agreement is being made pursuant to the terms and provisions of the Mistras Group, Inc. Amended and Restated 2016 Long-Term Incentive Plan (the “Plan”) relating to Options (as the term “Options” is defined in the Plan), which terms and provisions are hereby incorporated into this Award Agreement by this reference, as though fully set forth herein, except as and to the extent expressly provided to the contrary in this Award Agreement. Unless the context herein otherwise requires, the terms defined in the Plan shall have the same meanings herein. A copy of the Plan has been provided to the Participant along with this Award Agreement.

**I. STOCK OPTION GRANT AWARD TERMS**

The Participant has been granted, for service as Executive Chairman of the Board of the Company, the Option to purchase shares of Common Stock, subject to the terms and conditions of this Award Agreement, as set forth above and as follows:

Date of Grant:	January 6, 2025
Vesting Date:	January 6, 2026
Exercise Price per Share:	\$9.06
Total Number of Shares Granted:	375,000 shares of Common Stock (the “ <u>Shares</u> ”)
Total Exercise Price:	\$3,397,500
Type of Option:	Non-Qualified Stock Option (“ <u>NSO</u> ”)
Expiration Date:	Ten (10) years from Date of Grant

The Option shall become fully vested and exercisable on the Vesting Date set forth above, provided the Participant remains in continuous employment or service with the Company from the Date of Grant through the Vesting Date. In addition, the vesting and exercisability of the Option shall fully accelerate so that the Option is fully vested and exercisable upon termination of the Participant’s employment or service with the Company due to his death or

Disability, if such occurs prior to the Vesting Date. The vesting and exercisability of the Option will also fully accelerate so that the Option is fully vested and exercisable in connection with termination of Participant's employment to the extent, and subject to the conditions, described in Section 11(b) of that certain employment agreement between the Company and the Participant dated December 31, 2024.

Exercise Period:

The Option shall be exercisable by the Participant (or the Participant's estate or legal representative upon the Participant's death) at any time from and after the Vesting Date (or earlier, if pursuant to the terms of this Award Agreement or the Plan, the Option is exercisable earlier) up to and including the earliest of (i) the Expiration Date set forth above, (ii) one year following the date on which Participant's employment or service terminates, (iii) the date the Participant's employment is terminated by the Company for Cause (or the date the Participant's service ceases, if at such time there exist grounds for a termination for Cause); and (iv) immediately prior to the effective time of a Change in Control, to the extent Section 9.2 of the Plan is implicated. For the avoidance of doubt, for so long as the Participant is an employee and/or a director of the Company, the Participant's employment or service to the Company shall not be deemed to have ceased.

**II. ADDITIONAL TERMS**

1. Exercise of Option.

(a) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice or in a manner and pursuant to such procedures as the Committee may determine (the "Exercise Notice"), which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised (the "Exercised Shares"), and such other representations as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares, together with any applicable tax withholding. The Option shall be deemed to be exercised upon receipt by the Company of the Exercise Notice accompanied by the aggregate Exercise Price, together with any applicable tax withholding.

(b) Compliance with Law. No Shares shall be issued pursuant to the exercise of the Option unless such issuance and such exercise comply with applicable laws.

2. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Participant:

- (i) cash, check, bank draft, electronic funds transfer or money order payable to the Company;
- (ii) by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock provided that such shares (x) shall be valued at Fair Market Value on the date of exercise, and (y) must be owned free and clear of any liens, claims, encumbrances or security interests;

- (iii) by payment to the Company pursuant to a broker-assisted cashless exercise program established and maintained by the Company in connection with the Plan; or
- (iv) by a “net exercise” pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of the Option by the largest whole number of shares necessary to satisfy the Exercise Price, with such shares of Common Stock being valued at Fair Market Value as of the date of exercise, provided, that the Participant must pay any remaining balance of the aggregate Exercise Price not satisfied by the “net exercise” in another form of payment set forth herein.

3. Transferability of Option. Section 12.1 of the Plan shall be applicable to the Options and, consistent with Section 12.1 of the Plan, the Committee has determined that the Option may be transferred inter vivos by the Participant to any “family member” (within the meaning of Item A(1)(a)(5) of the General Instructions to SEC Form S-8 or a successor), including, without limitation, to one or more trusts, partnerships, limited liability companies or other entities which qualify as family members, provided that (i) such transfer is not a transfer for value; or (ii) such transfer is a transfer for value that the Committee determines is for estate planning purposes. Upon the Participant’s death, the Option will pass to the “beneficiary” designated by the Participant in accordance with Section 12.1 of the Plan (or, in the absence of such a designation, or if no designated beneficiary survives the Participant, to the Participant’s estate). Subject to the foregoing, the terms of this Award Agreement shall be binding upon the executors, administrators, heirs, successors and permitted assigns of the Participant.

4. Eligible Retirement.

(a) The following terms shall govern if Participant retires pursuant to an Eligible Retirement. As used in this Section 4 “Eligible Retirement” means that Participant has reached the age of 65. If Participant meets the Eligible Retirement terms, and Participant retires or resigns (other than on account of Good Reason) from providing service to the Company and its subsidiaries prior to the Vesting Date, Participant will be a “Retiree.” If Participant is a Retiree, the Option hereunder shall remain outstanding and shall become vested and fully exercisable on the original Vesting Date and such Option shall remain exercisable for the period as provided below under the Exercise Period, but only on the condition that Participant continuously complies with the restrictive covenants set forth below in (b) from the date Participant becomes a Retiree until the expiration of six (6) months following the Vesting Date of the Option.

(b) In consideration of Participant becoming a Retiree and the benefit of post-retirement vesting and exercisability of the Option on account of Participant becoming a Retiree, Participant agrees that continuously until 6 months following the Vesting Date (such period being the “Restricted Period”), Participant shall not, directly or indirectly, on his own behalf or on behalf of any person other than the Company (i) engage in, have an equity or profit interest in, or lend money to, or manage, operate, or work for any person, firm, corporation, partnership, or business (whether as a director, officer, employee, agent, representative, partner, security holder, consultant, or otherwise) that engages in any business which competes in any respect with the Company or any of its Subsidiaries, or (ii) recruit or otherwise solicit or induce any employee, consultant, customer, client, or supplier of the Company or any of its Subsidiaries to (A)

terminate its employment or other business arrangement or relationship with the Company or any of its Subsidiaries, (B) otherwise change its relationship with the Company or any of its Subsidiaries or (C) establish any business relationship with him or person controlled by or related to him for any business purpose competitive with the Company or any of its Subsidiaries. A passive investment by Participant in a publicly traded company in which Participant exercises no operational or strategic control and which constitutes less than 2% of the outstanding shares of such entity shall not constitute a breach of this covenant.

(c) If Participant fails to meet the restrictive covenants set forth in (b) above continuously during the Restricted Period, then (i) any portion of the Option that is outstanding shall automatically be cancelled and forfeited, and (ii) Participant shall repay to the Company the value, if any, realized by him from an exercise of the Option where such Option is exercised during the Restricted Period without any reduction for taxes paid by or withheld on his behalf on account of any such value realized.

5. Tax Withholding. The Company reserves the right to withhold, in accordance with applicable laws, from any consideration payable or property transferable to the Participant (including any Shares issuable to the Participant upon the exercise of the Option), any taxes required to be withheld by federal, state or local law as a result of the grant or exercise of the Option or the sale or other disposition of the Shares. If the amount of any consideration payable to the Participant is insufficient to pay such taxes or if no consideration is payable to the Participant, upon the request of the Company, the Participant will pay to the Company an amount sufficient for the Company to satisfy any federal, state or local tax withholding requirements applicable to and as a condition to the exercise of the Option. The minimum withholding obligations may be settled with the Shares.

6. Entire Agreement; Governing Law. This Award Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof. This Award Agreement may not be amended except by means of a writing signed by the Company and the Participant, and, for the avoidance of doubt, if any provision of the Plan that is incorporated by reference herein and applicable to the Option is amended, and such amendment would adversely affect the Participant's interest, then such amended provision shall not be given effect hereunder unless reflected in a writing signed by the Company and the Participant. This Award Agreement is governed by the internal substantive laws but not the choice of law rules of the State of Delaware.

7. No Guarantee of Continued Service. THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREUNDER DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH THE PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY TO TERMINATE THE PARTICIPANT'S RELATIONSHIP WITH THE COMPANY AT ANY TIME, WITH OR WITHOUT CAUSE.

8. Administration. The Option, this Award Agreement and the rights of the Participant hereunder are subject to such rules and regulations as the Committee may adopt for administration of the Plan. Consistent with Section 3 of the Plan, it is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or

appropriate to the administration of the Option and this Award Agreement, all of which shall be binding upon the Participant and his successors.

9. Electronic Delivery of Documents. The Participant authorizes the Company and its affiliates to deliver electronically any prospectuses or other documentation related to the Option and any other compensation or benefit plan or arrangement in effect from time to time (including, without limitation, periodic reports, proxy statements or other documents that are required to be delivered to participants in such arrangements pursuant to federal or state laws, rules or regulations). For this purpose, electronic delivery will include, without limitation, delivery by means of e-mail or e-mail notification that such documentation is available on the Company's intranet site or the website of a third-party administrator designated by the Company. Upon written request, the Company will provide to the Participant a paper copy of any document also delivered to the Participant electronically. The authorization described in this paragraph may be revoked by the Participant at any time by written notice to the Company.

[Signature Page Follows]

The Participant hereby accepts the Option subject to all of the terms and provisions of this Award Agreement.

PARTICIPANT

MISTRAS GROUP, INC.

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Manuel N. Stamatakis

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By: Michael Keefe  
Title: EVP and General Counsel

*Signature Page to Award Agreement – Manuel N. Stamatakis*



May 9, 2025

Board of Directors  
Mistras Group, Inc.  
195 Clarksville Road  
Princeton Junction, New Jersey 08550

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to Mistras Group Inc.'s (the "Company") Quarterly Report on Form 10-Q for the period ended March 31, 2025 (the "Form 10-Q") pursuant to Item 601 of Regulation S-K.

We have been provided a copy of the Company's Form 10-Q. Note 1 therein describes a change in accounting principle related to the presentation of certain costs incurred at its operational labs as well as the costs for certain personnel that indirectly support the Company's delivery of services from Selling, general and administrative expenses to Cost of revenue within the unaudited condensed consolidated statements of income (loss). It should be understood that the preferability of one acceptable method of accounting over another for the presentation of these costs has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-Q, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, a change to a preferable accounting principle in conformity with Accounting Standards Codification 250, *Accounting Changes and Error Corrections*.

We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2024. Accordingly, our comments are subject to change upon completion of an audit of the financial statements covering the period of the accounting change.

Very truly yours,

/s/ PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania

**CERTIFICATION PURSUANT TO RULE 13A-14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

I, Natalia Shuman-Fabbri, certify that:

1. I have reviewed this report on Form 10-Q of Mistras Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2025

/s/ Natalia Shuman-Fabbri  
Natalia Shuman-Fabbri  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13A-14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

I, Edward J. Prajzner, certify that:

1. I have reviewed this report on Form 10-Q of Mistras Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2025

/s/ Edward J. Prajzner

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Edward J. Prajzner

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Mistras Group, Inc. (the "Company"), that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2025 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report.

Dated: May 9, 2025

/s/ Natalia Shuman-Fabbri

Natalia Shuman-Fabbri  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Edward J. Prajzner

Edward J. Prajzner  
Senior Executive Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)