



# WILLDAN GROUP

## Q4 & Full Year 2023 Earnings Call

March 7, 2024

Mike Bieber, President & CEO

Kim Early, Executive Vice President & CFO

**Safe Harbor Statement** – Statements in this presentation that are not purely historical, are forward-looking statements that involve risks and uncertainties within the meaning of the Private Securities Litigation Reform Act of 1995. Willdan's actual results could differ materially from those in any such forward-looking statements. Willdan's business could be affected by a number of other factors, including the risk factors listed from time to time in Willdan's SEC reports including, but not limited to, the Annual Report on Form 10-K for the year ended December 30, 2022. Willdan disclaims any obligation, and does not undertake, to update or revise any forward-looking statements.



# Executive Summary

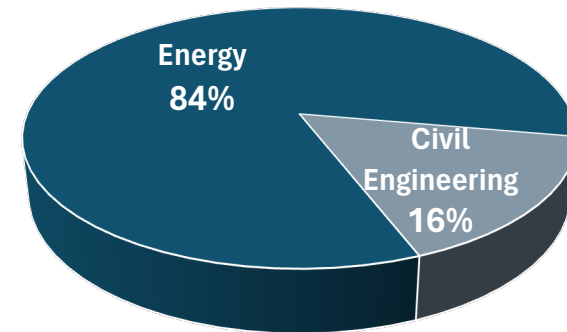
## Exceptional Q4 2023

- Revenue \$156M **up 38%**
- Adjusted EBITDA \$18M **up 48%**
- GAAP EPS \$0.58

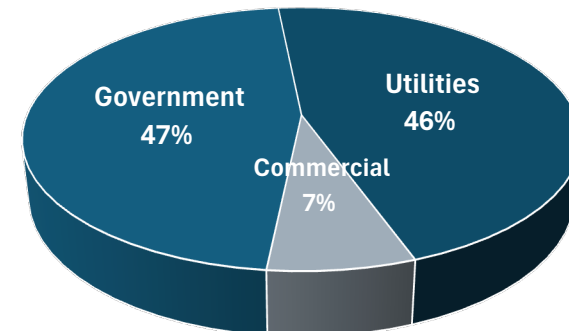
## Record 2023

- Revenue \$510M **up 19%**
- Adjusted EBITDA \$46M **up 96%**
- GAAP EPS \$0.80
- Cash flow from operations \$39M

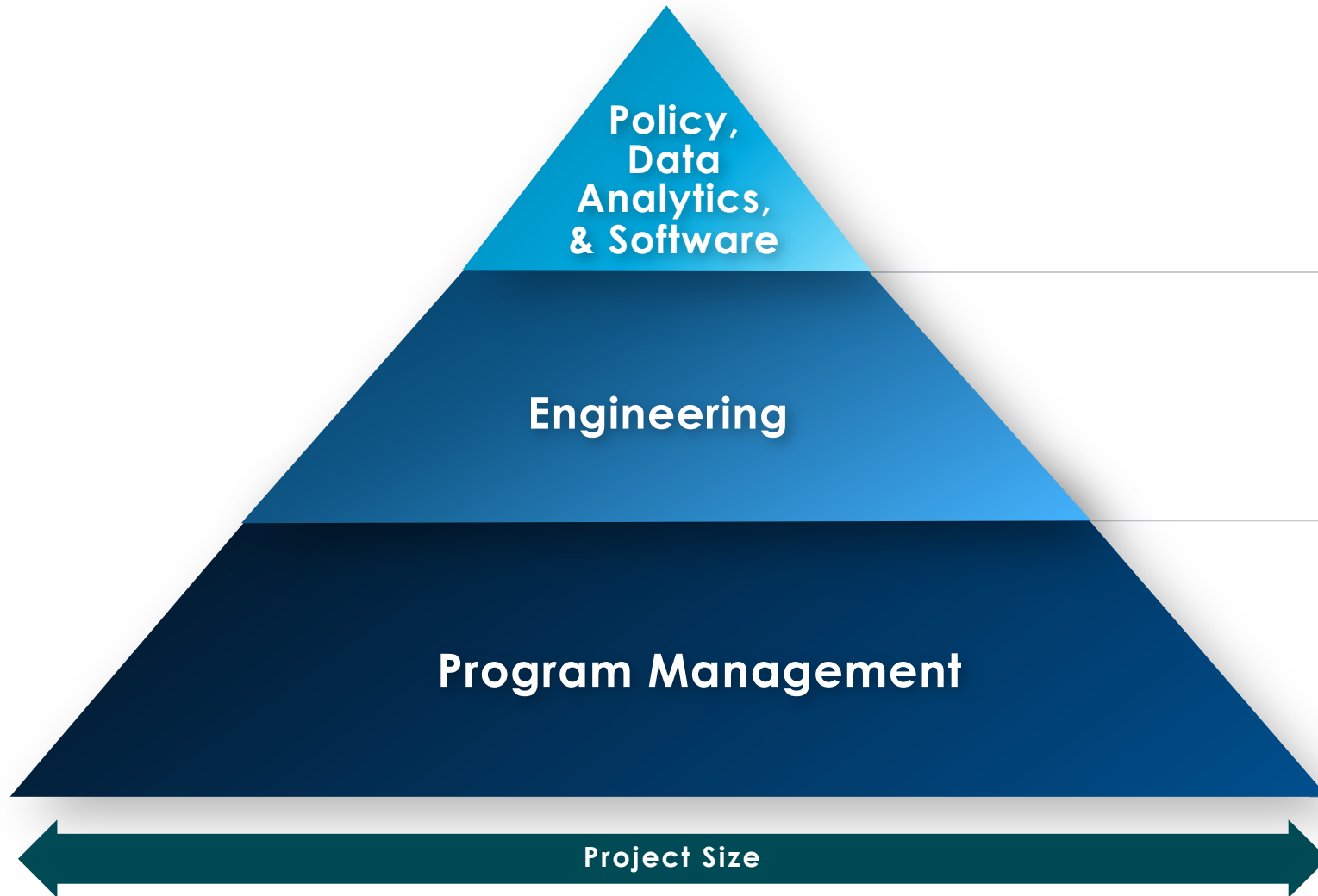
2023 Contract Revenue by Segment



2023 Contract Revenue by Customer Type



# Upfront Policy Work Informs Strategy



Trend	Comment
↑	Solid software sales
↑	16% organic growth in 2023
↑↑	Strong 2024 backlog

# Notable Wins

Since last earnings call

Contract	Additional Details
<b>\$46M Clark County School District</b>	Facilities energy upgrades
<b>National Health Care Provider</b>	Decarbonization strategies for building portfolio
<b>\$30-50M New England Utility Program</b>	Energy efficiency and program management
<b>\$18M Puget Sound Energy</b>	Small business program management
<b>\$16M Consolidated Edison</b>	Small/Medium business energy efficiency
<b>Major Western Utility</b>	Grid planning software and services
<b>\$6M Yosemite Unified School District</b>	EV charging and energy efficiency
<b>Two Municipal Utilities</b>	Grid planning software and services



# Q4 2023 Results

(\$ in millions, except for EPS)

## Contract Revenue



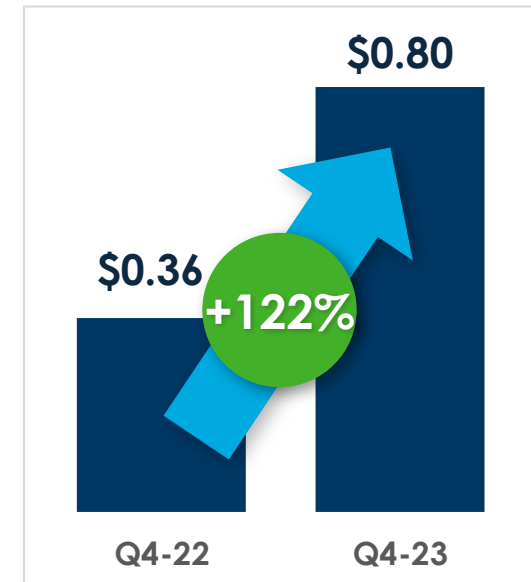
## Net Revenue



## Adjusted EBITDA



## Adjusted EPS

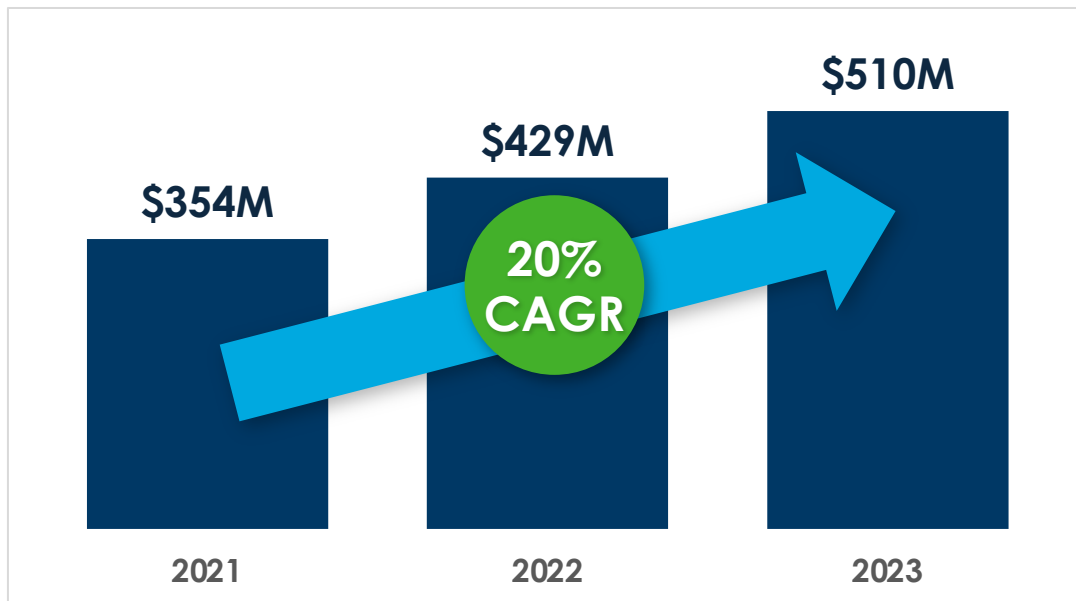


Improved performance attributable to increased volume/demand across all service areas

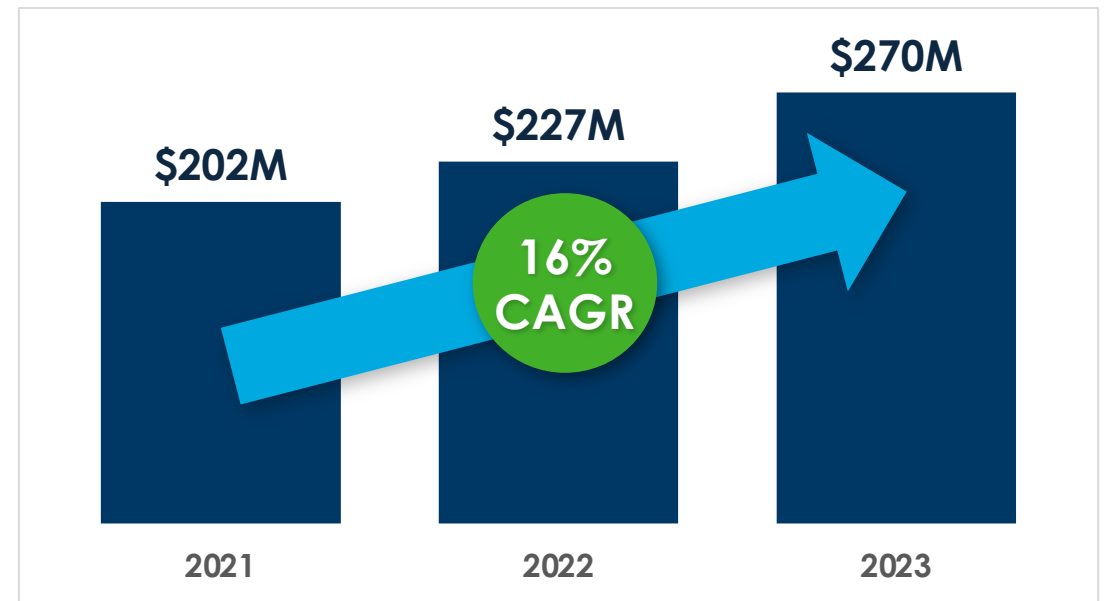
# Three-Year Performance

(\$ in millions)

## Contract Revenue



## Net Revenue



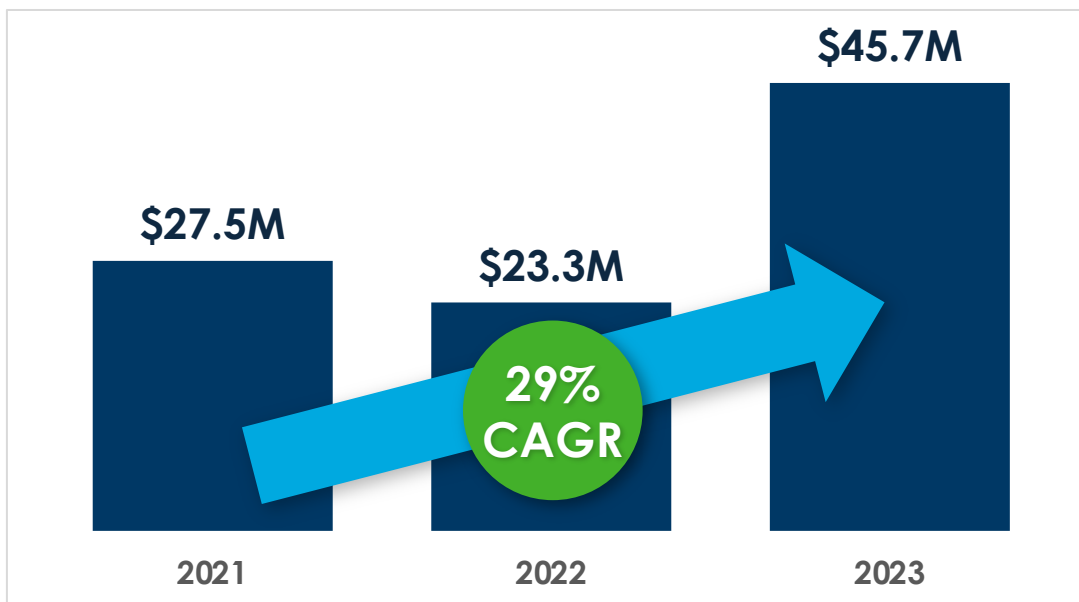
Record Contract and Net Revenue in 2023



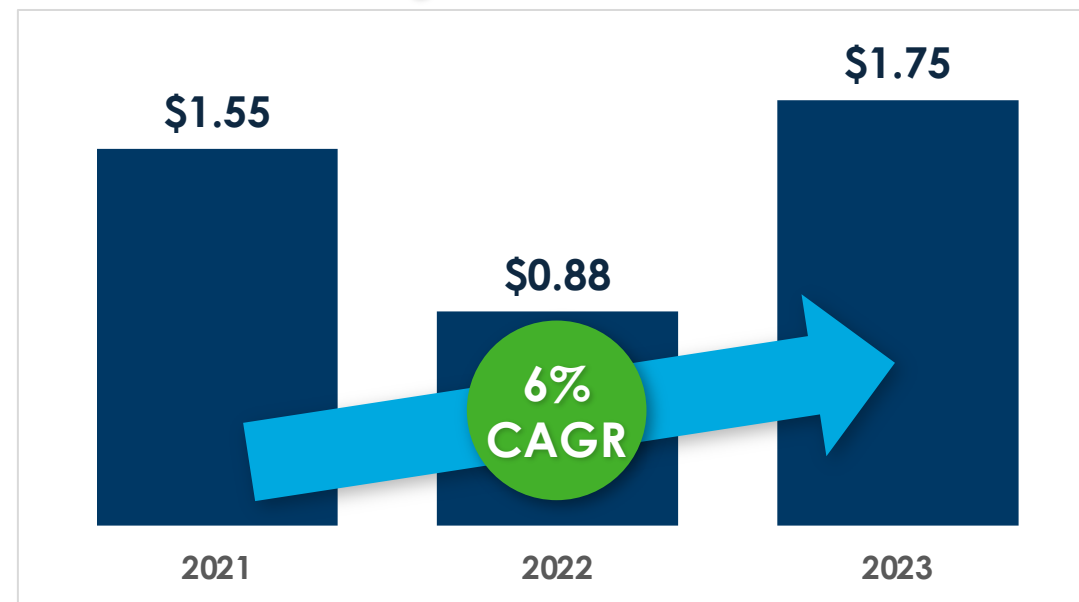
# Three-Year Performance

(\$ in millions, except EPS)

## Adjusted EBITDA



## Adjusted EPS



Improved profitability across all service areas and restructured CA IOU contracts

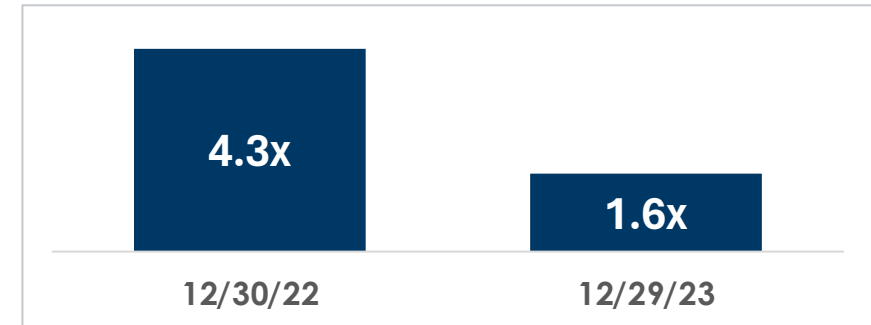
# Cash Flow & Balance Sheet

(\$ in millions)

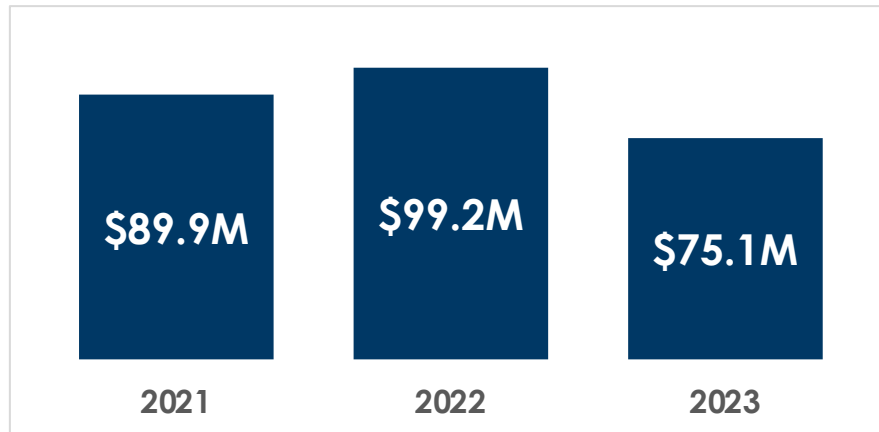
## FREE CASH FLOW

	FY21	FY22	FY23
Cash Flow From Operations	\$9.8	\$9.4	\$39.2
Less: Capital Expenditures	8.5	9.6	9.9
Free Cash Flow	<b>\$1.3</b>	<b>\$(0.2)</b>	<b>\$29.3</b>

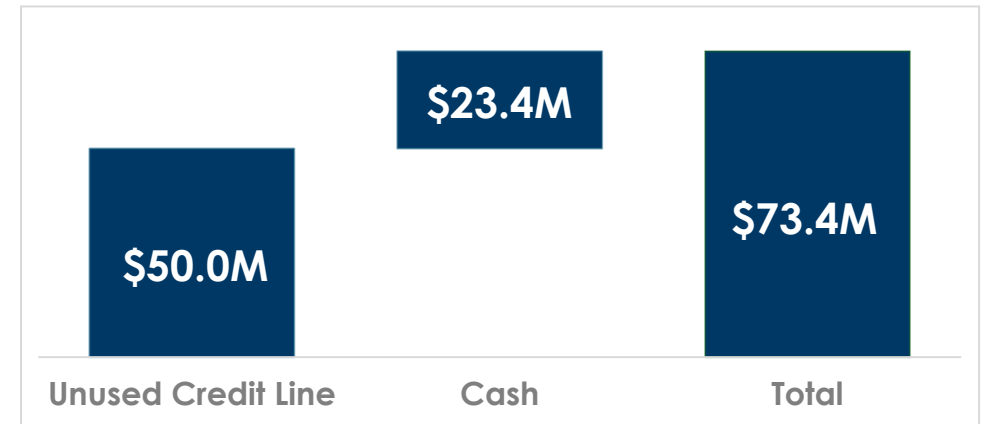
## NET DEBT / ADJUSTED EBITDA RATIO



## NET DEBT



## TOTAL LIQUIDITY



Strong cash flow, reduced leverage, and increase liquidity provide dry powder for growth and M&A



# 2024 Guidance

*(\$ in millions, except for EPS)*

- Contract Revenue between **\$525-540 million**
- Net Revenue between **\$270-280 million**
- Adjusted EBITDA between **\$48-50 million**
- Adjusted Diluted EPS between **\$1.80-1.87**
- Guidance assumes
  - Full-year effective tax rate of **25%**
  - **14.2** million average diluted common shares



Willdan Group

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**Q&A**



# Appendix: Reconciliation of Contract to Net Revenue

<i>(\$ in millions)</i> <i>Note: totals may not foot due to rounding</i>	Q4 - 2022	Q4 - 2023		FY2022	FY2023
<b>CONSOLIDATED</b>					
Contract Revenue	\$113.3	\$155.7		\$429.1	\$510.1
Subcontractor services & other direct costs	48.7	74.9		202.6	240.4
Net Revenue	<b>64.6</b>	<b>80.8</b>		<b>226.6</b>	<b>269.7</b>
<b>ENERGY SEGMENT</b>					
Contract Revenue	\$95.3	\$134.6		\$357.5	\$427.0
Subcontractor services & other direct costs	48.0	74.0		199.5	236.6
Net Revenue	<b>47.3</b>	<b>60.6</b>		<b>158.0</b>	<b>190.4</b>
<b>ENGINEERING &amp; CONSULTING SEGMENT</b>					
Contract Revenue	\$18.0	\$21.0		\$71.6	\$83.1
Subcontractor services & other direct costs	0.7	0.8		3.1	3.8
Net Revenue	<b>17.3</b>	<b>20.2</b>		<b>68.5</b>	<b>79.3</b>

# Reconciliation GAAP Net Income to Adjusted EPS

<i>(\$ in millions, except per share amounts) Note: totals may not foot due to rounding</i>	Q4 - 2022	Q4 - 2023		FY2022	FY2023
<b>Net Income (Loss)</b>	<b>\$(0.4)</b>	<b>\$8.0</b>		<b>\$(8.4)</b>	<b>\$10.9</b>
<i>Stock-based Compensation, net of tax</i>	1.5	1.0		7.2	4.3
<i>Intangible Amortization, net of tax</i>	2.3	1.8		9.6	8.2
<i>Interest Accretion, net of tax</i>	1.3	-		2.7	-
<i>Refinancing Costs, net of tax</i>	-	-		-	0.4
<i>Tax Benefit Distribution, net of tax</i>	-	-		0.4	-
<b>Adjusted Net Income</b>	<b>\$4.7</b>	<b>\$10.8</b>		<b>\$11.5</b>	<b>\$23.8</b>
<b>Diluted Weighted Average Shares Outstanding</b>	13.138	13.731		13.013	13.606
<b>Diluted Earnings (Loss) Per Share</b>	<b>\$(0.03)</b>	<b>\$0.58</b>		<b>\$(0.65)</b>	<b>\$0.80</b>
<b>Adjusted Diluted EPS</b>	<b>\$0.36</b>	<b>\$0.80</b>		<b>\$0.88</b>	<b>\$1.75</b>



# Reconciliation GAAP Income to Adjusted EBITDA

<i>(\$ in millions)</i> <i>Note: totals may not foot due to rounding</i>	Q4 - 2022	Q4 - 2023		FY2022	FY2023
<b>Net Income (Loss)</b>	\$ (0.4)	\$ 8.0		\$ (8.4)	\$ 10.9
<b>Interest Expense</b>	2.1	2.3		5.3	9.4
<b>Income Tax Expense (Benefit)</b>	2.6	2.0		(3.0)	3.7
<b>Stock-based Compensation</b>	1.7	1.3		8.4	5.3
<b>Interest Accretion</b>	1.5	-		3.2	-
<b>Depreciation and Amortization</b>	4.2	3.9		17.5	16.4
<b>(Gain) Loss on Sale of Equipment</b>	-	-		(0.1)	(0.1)
<b>Tax Benefit Distribution</b>	-	-		0.4	-
<b>Adjusted EBITDA</b>	<b>\$ 11.8</b>	<b>\$ 17.5</b>		<b>\$ 23.3</b>	<b>\$ 45.6</b>
<b><i>Adjusted EBITDA Margin</i></b> <i>(as % of Net Revenue)</i>	<b>18.2%</b>	<b>21.6%</b>		<b>10.3%</b>	<b>16.9%</b>