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

FORM 10-Q

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

For the quarterly period ended July 4, 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 001-33076

WILLDAN GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**14-1951112** (IRS Employer Identification No.)
2401 East Katella Avenue, Suite 300 **Anaheim, California** (Address of Principal Executive Offices)	**92806** (Zip Code)

Registrant's Telephone Number, Including Area Code: **(800) 424-9144**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	WLDN	The Nasdaq Stock Market LLC (Nasdaq Global Market)

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 ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐ Emerging growth company ☐

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

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

As of August 6, 2025, there were 14,665,087 shares of common stock, $0.01 par value per share, of Willdan Group, Inc. issued and outstanding.

WILLDAN GROUP, INC.
FORM 10-Q QUARTERLY REPORT

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q (this “10-Q”) contains statements that constitute forward-looking statements as that term is defined by the Private Securities Litigation Reform Act of 1995, as amended. These statements concern our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition, which are subject to risks and uncertainties. All statements other than statements of historical fact included in this 10-Q are forward-looking statements. These statements may include words such as “aim,” “anticipate,” “assume,” “believe,” “can have,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “likely,” “may,” “objective,” “plan,” “potential,” “positioned,” “predict,” “should,” “target,” “will,” “would” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events or trends. For example, all statements we make relating to our plans and objectives for future operations, growth or initiatives and strategies are forward-looking statements.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management’s beliefs and assumptions. We derive many of our forward-looking statements from our own operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that predicting the impact of known factors is very difficult, and we cannot anticipate all factors that could affect our actual results.

All of our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- our ability to adequately complete projects in a timely manner;
- our ability to compete successfully in the highly competitive energy services market, which represented 84% of our consolidated revenue in fiscal year 2024;
- our reliance on work from our top ten clients, which accounted for 51% of our consolidated contract revenue for fiscal year 2024;
- changes in state, local and regional economies and government budgets;
- our ability to win new contracts, to renew existing contracts and to compete effectively for contracts awarded through bidding processes;
- our ability to make principal and interest payments on our outstanding debt as they come due and to comply with the financial covenants contained in our debt agreements;
- our ability to manage supply chain constraints, labor shortages, elevated interest rates, and elevated inflation;
- our ability to obtain financing and to refinance our outstanding debt as it matures;
- our ability to successfully integrate our acquisitions and execute on our growth strategy; and
- our ability to attract and retain managerial, technical, and administrative talent.

The above is not a complete list of factors or events that could cause actual results to differ from our expectations, and we cannot predict all of them. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements disclosed elsewhere in this Quarterly Report on Form 10-Q, and under Part I, Item 1A. “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 27, 2024, as such disclosures may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission, including subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and public communications. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q and otherwise in the context of these risks and uncertainties.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on any forward-looking statements we make. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are not guarantees of future performance or developments and involve known and unknown risks, uncertainties and other factors that are in many cases beyond our control. Except as required by law, we undertake no obligation to update or revise any forward-looking statements publicly, whether as a result of new information, future developments or otherwise.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WILLDAN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)
(Unaudited)

	July 4, 2025	December 27, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 32,348	$ 74,158
Restricted cash	—	—
Accounts receivable, net of allowance for doubtful accounts of $456 and $1,313 at July 4, 2025 and December 27, 2024, respectively	55,416	65,557
Contract assets	107,055	88,528
Other receivables	4,648	2,302
Prepaid expenses and other current assets	6,355	4,979
Total current assets	205,822	235,524
Equipment and leasehold improvements, net	30,901	29,534
Goodwill	182,376	140,991
Right-of-use assets	11,044	14,035
Other intangible assets, net	34,119	29,414
Other assets	2,911	2,019
Deferred income taxes, net	17,678	13,346
Total assets	$ 484,851	$ 464,863
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 42,455	$ 33,766
Accrued liabilities	59,651	62,776
Contingent consideration payable	8,500	2,500
Contract liabilities	23,418	21,556
Notes payable	2,500	10,137
Finance lease obligations	1,259	1,138
Lease liability	5,723	5,804
Total current liabilities	143,506	137,677
Contingent consideration payable	9,007	1,713
Notes payable, less current portion	57,179	79,350
Finance lease obligations, less current portion	1,376	1,379
Lease liability, less current portion	7,474	9,939
Other noncurrent liabilities	374	462
Total liabilities	218,916	230,520
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 10,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.01 par value, 40,000 shares authorized; 14,611 and 14,169 shares issued and outstanding at July 4, 2025 and December 27, 2024, respectively	146	142
Additional paid-in capital	208,830	197,368
Accumulated other comprehensive income (loss)	(311)	(314)
Retained earnings	57,270	37,147
Total stockholders' equity	265,935	234,343
Total liabilities and stockholders' equity	$ 484,851	$ 464,863

See accompanying notes to Condensed Consolidated Financial Statements.

WILLDAN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
Contract revenue	$ 173,473	$ 140,996	$ 325,859	$ 263,485
Direct costs of contract revenue (inclusive of directly related depreciation and amortization):				
Salaries and wages	26,643	23,647	54,320	45,159
Subcontractor services and other direct costs	78,505	68,545	145,553	122,104
Total direct costs of contract revenue	105,148	92,192	199,873	167,263
Gross profit	68,325	48,804	125,986	96,222
General and administrative expenses:				
Salaries and wages, payroll taxes and employee benefits	32,576	26,064	63,684	52,573
Facilities and facility related	2,369	2,405	4,993	4,850
Stock-based compensation	3,182	1,945	5,608	3,335
Depreciation and amortization	5,504	3,629	9,944	7,221
Other	12,878	8,313	22,905	16,434
Total general and administrative expenses	56,509	42,356	107,134	84,413
Income (Loss) from operations	11,816	6,448	18,852	11,809
Other income (expense):				
Interest expense, net	(2,186)	(1,960)	(3,988)	(4,097)
Other, net	551	826	510	1,530
Total other expense, net	(1,635)	(1,134)	(3,478)	(2,567)
Income (Loss) before income taxes	10,181	5,314	15,374	9,242
Income tax (benefit) expense	(5,255)	720	(4,749)	1,706
Net income (loss)	15,436	4,594	20,123	7,536
Other comprehensive income (loss):				
Unrealized gain (loss) on derivative contracts, net of tax	188	101	3	535
Comprehensive income (loss)	$ 15,624	$ 4,695	$ 20,126	$ 8,071
Earnings (Loss) per share:				
Basic	$ 1.07	$ 0.33	$ 1.41	$ 0.55
Diluted	$ 1.03	$ 0.33	$ 1.36	$ 0.54
Weighted-average shares outstanding:				
Basic	14,444	13,725	14,298	13,665
Diluted	14,917	14,074	14,778	14,001

See accompanying notes to Condensed Consolidated Financial Statements.

WILLDAN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at December 27, 2024	14,169	$ 142	$197,368	$ (314)	$ 37,147	$ 234,343
Shares of common stock issued in connection with employee stock purchase plan	60	—	1,485	—	—	1,485
Shares of common stock issued in connection with incentive stock plan	5	—	81	—	—	81
Shares used to pay taxes on stock grants	(69)	(1)	(2,877)	—	—	(2,878)
Issuance of restricted stock award and units	155	2	(2)	—	—	—
Stock issued to acquire businesses	177	2	5,555	—	—	5,557
Stock-based compensation expense	—	—	2,426	—	—	2,426
Net income (loss)	—	—	—	—	4,687	4,687
Net unrealized gain (loss) on derivative contracts	—	—	—	(185)	—	(185)
Balance at April 4, 2025	14,497	$ 145	$204,036	$ (499)	$ 41,834	$ 245,516
Shares of common stock issued in connection with incentive stock plan	106	1	1,827	—	—	1,828
Shares used to pay taxes on stock grants	(4)	—	(215)	—	—	(215)
Issuance of restricted stock award and units	12	—	—	—	—	—
Stock-based compensation expense	—	—	3,182	—	—	3,182
Net income (loss)	—	—	—	—	15,436	15,436
Net unrealized gain (loss) on derivative contracts	—	—	—	188	—	188
Balance at July 4, 2025	14,611	$ 146	$208,830	$ (311)	$ 57,270	$ 265,935

WILLDAN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at December 29, 2023	13,682	$ 137	$185,795	$ (664)	$ 14,577	$199,845
Shares of common stock issued in connection with employee stock purchase plan	86	1	1,401	—	—	1,402
Shares of common stock issued in connection with incentive stock plan	19	—	281	—	—	281
Shares used to pay taxes on stock grants	(32)	(1)	(778)	—	—	(779)
Issuance of restricted stock award and units	62	1	(1)	—	—	—
Stock-based compensation expense	—	—	1,390	—	—	1,390
Net income (loss)	—	—	—	—	2,942	2,942
Net unrealized gain (loss) on derivative contracts	—	—	—	434	—	434
Balance at March 29, 2024	13,817	$ 138	$188,088	$ (230)	$ 17,519	$205,515
Shares of common stock issued in connection with incentive stock plan	86	1	855	—	—	856
Shares used to pay taxes on stock grants	—	—	(6)	—	—	(6)
Issuance of restricted stock award and units	13	—	—	—	—	—
Stock-based compensation expense	—	—	1,945	—	—	1,945
Net income (loss)	—	—	—	—	4,594	4,594
Net unrealized gain (loss) on derivative contracts	—	—	—	101	—	101
Balance at June 28, 2024	13,916	$ 139	$190,882	$ (129)	$ 22,113	$213,005

See accompanying notes to Condensed Consolidated Financial Statements.

WILLDAN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended July 4, 2025	Six Months Ended June 28, 2024
Cash flows from operating activities:		
Net income (loss)	$ 20,123	$ 7,536
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,944	7,221
Other non-cash items	657	185
Deferred income taxes, net	(4,332)	1,089
(Gain) loss on sale/disposal of equipment	(23)	(17)
Provision for doubtful accounts	279	144
Stock-based compensation	5,608	3,335
Accretion and fair value adjustments of contingent consideration	1,254	—
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	16,898	7,548
Contract assets	(18,062)	6,013
Other receivables	(2,346)	951
Prepaid expenses and other current assets	(1,376)	(2,220)
Other assets	(888)	1,971
Accounts payable	4,569	(1,276)
Accrued liabilities	(1,662)	(8,874)
Contract liabilities	(2,364)	4,281
Right-of-use assets	445	(49)
Net cash (used in) provided by operating activities	28,724	27,838
Cash flows from investing activities:		
Purchase of equipment, software, and leasehold improvements	(4,517)	(4,125)
Proceeds from sale of equipment	28	23
Cash paid for acquisitions, net of cash acquired	(35,140)	—
Net cash (used in) provided by investing activities	(39,629)	(4,102)
Cash flows from financing activities:		
Payments on notes payable	(137)	(172)
Payments on debt issuance costs	(332)	—
Payments made to retire prior credit agreement	(90,000)	—
Borrowing to fund new credit agreement	88,414	—
Principal payments on outstanding debt	(28,414)	(3,750)
Principal payments on finance leases	(737)	(698)
Proceeds from stock option exercise	1,909	1,137
Proceeds from sales of common stock under employee stock purchase plan	1,485	1,402
Cash used to pay taxes on stock grants	(3,093)	(785)
Net cash (used in) provided by financing activities	(30,905)	(2,866)
Net increase (decrease) in cash, cash equivalents and restricted cash	(41,810)	20,870
Cash, cash equivalents and restricted cash at beginning of period	74,158	23,397
Cash, cash equivalents and restricted cash at end of period	$ 32,348	$ 44,267
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for:		
Interest	$ 3,915	$ 3,983
Income taxes	2,471	551
Supplemental disclosures of noncash investing and financing activities:		
Issuance of common stock related to business acquisitions	$ 5,557	$ —
Contingent consideration related to business acquisitions	12,040	—
Equipment acquired under finance leases	855	556

See accompanying notes to Condensed Consolidated Financial Statements.

WILLDAN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Willdan Group, Inc. ("Willdan" or the "Company") is a provider of professional, technical and consulting services to utilities, private industry, and public agencies at all levels of government. As resources and infrastructures undergo continuous change, the Company helps organizations and their communities evolve and thrive by providing a wide range of technical services for energy solutions and government infrastructure. Through engineering, program management, policy advisory, and software and data management, the Company designs and delivers trusted, comprehensive, innovative, and proven solutions to improve efficiency, resiliency, and sustainability in energy and infrastructure.

The Company's broad portfolio of services operates within two financial reporting segments: (1) Energy and (2) Engineering and Consulting. The interfaces and synergies between these segments are important elements of the Company's strategy to design and deliver trusted, comprehensive, innovative, and proven solutions for its customers.

The accounting policies followed by the Company are set forth in Part II, Item 8, Note 1, "*Organization and Operations of the Company"*, of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2024. In the opinion of management, all adjustments necessary to fairly state the Condensed Consolidated Financial Statements have been made. All such adjustments are of a normal, recurring nature. Certain information and footnote disclosures normally included in the Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). These Condensed Consolidated Financial Statements and related notes thereto should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2024. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year.

Fiscal Years

The Company operates and reports its annual financial results based on 52 or 53-week periods ending on the Friday closest to December 31. The Company operates and reports its quarterly financial results based on the 13-week period ending on the Friday closest to June 30, September 30, and December 31 and the 13 or 14-week period ending on the Friday closest to March 31, as applicable. Fiscal year 2025, which ends on January 2, 2026, will be comprised of 53 weeks, with the first quarter consisting of 14 weeks and the remaining quarters consisting of 13 weeks each. Fiscal year 2024, which ended on December 27, 2024, was comprised of 52 weeks, with all quarters consisting of 13 weeks each.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified in the condensed consolidated financial statements to conform to the current year presentation.

WILLDAN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Recently Issued

In May 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2025-03, "Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity" ("ASU 2025-03"). ASU 2025-03 requires an entity involved in an acquisition transaction effected primarily by exchanging equity interests when the legal acquiree is a Variable Interest Entity ("VIE") that meets the definition of a business to consider the factors in paragraphs 805-10-55-12 through 55-15 to determine which entity is the accounting acquirer, rather than defaulting to the conclusion that the primary beneficiary is always the acquirer. The amendments are effective for the annual reporting periods beginning after December 15, 2026, and interim periods within those fiscal year reporting periods beginning after December 15, 2026, with early adoption permitted. The Company does not believe the amendments in ASU 2023-06 will have a material impact on any of the Company's current disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)" ("ASU 2024-03"). ASU 2024-03 requires entities to disclose, in the notes to consolidated financial statements, specified information about certain costs and expenses at each interim and annual reporting period. Specific disclosures include the amounts of (a) purchases of inventory; (b) employee compensation; (c) depreciation; (d) intangible asset amortization; and (e) depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption, as well as a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. Additionally, entities will need to disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. The amendments are effective for the annual reporting periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact this update will have on its Consolidated Financial Statements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 amends the rules on income tax disclosures to require entities to disclose specific categories in the rate reconciliation, the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and income tax expense or benefit from continuing operations (separated by federal, state, and foreign). In addition, ASU 2023-09 requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. The amendments can be applied on a prospective basis although retrospective application is permitted. The amendments are effective for the annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact this update will have on its Consolidated Financial Statements.

In October 2023, the FASB issued ASU No. 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative" ("ASU 2023-06"). ASU 2023-06 amends U.S. GAAP to reflect updates and simplifications to certain disclosure and presentation requirements referred to FASB by the SEC. The targeted amendments incorporate 14 of the 27 disclosures referred by the SEC into codification. Each amendment in ASU 2023-06 is effective on either the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. The Company does not believe the amendments in ASU 2023-06 will have a material impact on any of the Company's current disclosures.

WILLDAN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

3. REVENUES

The Company enters into contracts with its clients that contain various types of pricing provisions, including fixed price, time-and-materials, and unit-based provisions. The Company recognizes revenues in accordance with ASU 2014-09, Revenue from Contracts with Customer, codified as ASC Topic 606 and the related amendments (collectively "ASC 606"). As such, the Company identifies a contract with a customer, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to each performance obligation in the contract and recognizes revenues when (or as) the Company satisfies a performance obligation.

The following table reflects the Company's two reportable segments and the types of contracts that each most commonly enters into for revenue generating activities.

Segment	Contract Type	Revenue Recognition Method
Energy	Time-and-materials	Time-and-materials
	Unit-based	Unit-based
	Software license	Unit-based
	Fixed price	Percentage-of-completion
Engineering and Consulting	Time-and-materials	Time-and-materials
	Unit-based	Unit-based
	Fixed price	Percentage-of-completion

Revenue on the vast majority of the Company's contracts is recognized over time because of the continuous transfer of control to the customer. Revenue on fixed price contracts is recognized on the percentage-of-completion method based generally on the ratio of direct costs incurred-to-date to estimated total direct costs at completion. The Company uses the percentage-of-completion method to better match the level of work performed at a certain point in time in relation to the effort that will be required to complete a project. In addition, the percentage-of-completion method is a common method of revenue recognition in the Company's industry.

Many of the Company's fixed price contracts involve a high degree of subcontracted fixed price effort and, usually, are relatively short in duration, thereby lowering the risks of not properly estimating the percent complete. Revenue on time-and-materials and unit-based contracts is recognized as the work is performed in accordance with the specific rates and terms of the contract. The Company recognizes revenues for time-and-materials contracts based upon the actual hours incurred during a reporting period at contractually agreed upon rates per hour and also includes in revenue all reimbursable costs incurred during a reporting period. Certain of the Company's time-and-materials contracts are subject to maximum contract values and, accordingly, when revenue is expected to exceed the maximum contract value, these contracts are generally recognized under the percentage-of-completion method, consistent with fixed price contracts. For unit-based contracts, the Company recognizes the contract price of units of a basic production product as revenue when the production product is delivered during a period. Revenue for amounts that have been billed but not earned is deferred, and such deferred revenue is referred to as contract liabilities in the accompanying condensed consolidated balance sheets. The Company also derives revenue from software licenses and professional services and maintenance fees. In accordance with ASC 606, the Company performs an assessment of each contract to identify the performance obligations, determine the overall transaction price for the contract, allocate the transaction price to the performance obligations, and recognize the revenue when the performance obligations are satisfied. The Company utilizes the residual approach by which it estimates the standalone selling price by reference to the total transaction price less the sum of the observable standalone selling prices of other goods or services promised in the contract. The software license revenue is typically recognized at a point in time when control is transferred to the client, which is defined as the point in time when the client can use and benefit from the license. The software license is delivered before related services are provided and is functional without services, updates, or technical support. Related professional services include training and support services in which the standalone selling price is determined based on an input measure of hours incurred to total estimated hours and is recognized over time, which usually is the life of the contract.

WILLDAN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

To determine the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined contract should be accounted for as one performance obligation. With respect to the Company's contracts, it is rare that multiple contracts should be combined into a single performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate a single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. Contracts are considered to have a single performance obligation if the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts, which is mainly because the Company provides a significant service of integrating a complex set of tasks and components into a single project or capability.

The Company may enter into contracts that include separate phases or elements. If each phase or element is negotiated separately based on the technical resources required and/or the supply and demand for the services being provided, the Company evaluates if the contracts should be segmented. If certain criteria are met, the contracts would be segmented which could result in revenues being assigned to the different elements or phases with different rates of profitability based on the relative value of each element or phase to the estimated total contract revenue. Segmented contracts may comprise up to approximately 2.0% to 3.0% of the Company's consolidated contract revenue.

Contracts that cover multiple phases or elements of the project or service lifecycle (development, construction and maintenance and support) may be considered to have multiple performance obligations even when they are part of a single contract. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract. For the periods presented, the value of the separate performance obligations under contracts with multiple performance obligations (generally measurement and verification tasks under certain energy performance contracts) were not material. In cases where the Company does not provide the distinct good or service on a standalone basis, the primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which the Company forecasts the Company's expected costs of satisfying a performance obligation and then adds an appropriate margin for the distinct good or service.

The Company provides quality of workmanship warranties to customers that are included in the sale and are not priced or sold separately or do not provide customers with a service in addition to assurance of compliance with agreed-upon specifications and industry standards. The Company does not consider these types of warranties to be separate performance obligations.

In some cases, the Company has a master service or blanket agreement with a customer under which each task order releases the Company to perform specific portions of the overall scope in the service contract. Each task order is typically accounted for as a separate contract because the task order establishes the enforceable rights and obligations, and payment terms.

Under ASC 606, variable consideration should be considered when determining the transaction price and estimates should be made for the variable consideration component of the transaction price, as well as assessing whether an estimate of variable consideration is constrained. For certain of the Company's contracts, variable consideration can arise from modifications to the scope of services resulting from unapproved change orders or customer claims. Variable consideration is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on assessments of legal enforceability, the Company's performance, and all information (historical, current and forecasted) that is reasonably available to the Company.

Due to the nature of the work required to be performed on many of the Company's performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. As a significant change in one or more of these estimates could affect the profitability of the Company's contracts, the Company reviews and updates the Company's contract-related estimates regularly through a company-wide disciplined project review process in which management reviews the progress and execution of the Company's performance obligations and the estimate at completion ("EAC"). As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule and the related changes in estimates of revenues and costs. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the cost and availability of materials, the performance of subcontractors, and the availability and timing of funding from the customer, among other variables.

The Company recognizes adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance is recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, the Company recognizes the full amount of estimated loss in the period it is identified.

Contracts are often modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new rights or obligations or changes the existing enforceable rights or obligations. Most of the Company's contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification that is not distinct from the existing contract on the transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

For contract modifications that result in the promise to deliver goods or services that are distinct from the existing contract and the increase in price of the contract is for the same amount as the standalone selling price of the additional goods or services included in the modification, the Company accounts for such contract modifications as a separate contract.

The Company includes claims to vendors, subcontractors and others as a receivable and a reduction in recognized costs when enforceability of the claim is established by the contract and the amounts are reasonably estimable and probable of being recovered. The amounts are recorded up to the extent of the lesser of the amounts management expects to recover or to costs incurred.

Billing practices are governed by the contract terms of each project based upon costs incurred, achievement of milestones or pre-agreed schedules. Billings do not necessarily correlate with revenue recognized using the percentage-of-completion method of revenue recognition.

Direct costs of contract revenue consist primarily of that portion of technical and nontechnical salaries and wages that has been incurred in connection with revenue producing projects. Direct costs of contract revenue also include production expenses, subcontractor services and other expenses that are incurred in connection with revenue producing projects.

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Direct costs of contract revenue exclude that portion of technical and nontechnical salaries and wages related to marketing efforts, vacations, holidays and other time not spent directly generating revenue under existing contracts. Such costs are included in general and administrative expenses. Additionally, payroll taxes, bonuses and employee benefit costs for all Company personnel are included in general and administrative expenses in the accompanying condensed consolidated statements of comprehensive income since no allocation of these costs is made to direct costs of contract revenue. No allocation of facilities costs is made to direct costs of contract revenue. Other companies may classify as direct costs of contract revenue some of the costs that the Company classifies as general and administrative costs. The Company expenses direct costs of contract revenue when incurred.

Included in revenue and costs are all reimbursable costs for which the Company has the risk or on which the fee was based at the time of bid or negotiation. No revenue or cost is recorded for costs in which the Company acts solely in the capacity of an agent and has no risks associated with such costs.

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based upon a review of all outstanding amounts on a quarterly basis. Management determines allowances for doubtful accounts through specific identification of amounts considered to be uncollectible and potential write-offs, plus a non-specific allowance for other amounts for which some potential loss has been determined to be probable based on current and past experience. The Company’s historical credit losses have been minimal with governmental entities and large public utilities, but disputes may arise related to these receivable amounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Retainage, included in contract assets, represents amounts withheld from billings to the Company’s clients pursuant to provisions in the contracts and may not be paid to the Company until specific tasks are completed or the project is completed and, in some instances, for even longer periods. As of July 4, 2025 and December 27, 2024, contract assets included retainage of $24.3 million and $22.0 million, respectively.

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4. SUPPLEMENTAL FINANCIAL STATEMENT DATA

Restricted Cash

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported within the condensed consolidated balance sheets to the total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows:

	July 4, 2025	December 27, 2024
	(in thousands)	
Cash and cash equivalents	$ 32,348	$ 74,158
Restricted cash	—	—
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	$ 32,348	$ 74,158

Under certain utility contracts, the Company periodically receives cash deposits to be held in trust for the payment of energy incentive rebates to be sent directly to the utility's end-customer on behalf of the utility. The Company acts solely as the utility's agent to distribute these funds to the end-customer and, accordingly, the Company classifies these contractually restricted funds as restricted cash. Because these funds are held in trust for pass through to the utility's customers and have no impact on the Company's working capital or operating cash flows, these cash receipts are presented in the condensed consolidated statement of cash flows as financing cash inflows, "Receipt of restricted cash", with the subsequent payments classified as financing cash outflows, "Payment of restricted cash."

Equipment and Leasehold Improvements

	July 4, 2025	December 27, 2024
	(in thousands)	
Furniture and fixtures	$ 4,588	$ 4,594
Computer hardware and software	56,164	51,904
Leasehold improvements	3,913	3,804
Equipment under finance leases	7,231	7,052
Automobiles, trucks, and field equipment	3,733	3,608
Subtotal	75,629	70,962
Accumulated depreciation and amortization	(44,728)	(41,428)
Equipment and leasehold improvements, net	$ 30,901	$ 29,534

Included in accumulated depreciation and amortization is $0.7 million and $1.5 million of amortization expense related to equipment held under finance leases for the six months ended July 4, 2025 and for fiscal year 2024, respectively.

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Accrued Liabilities

	July 4, 2025	December 27, 2024
	(in thousands)	
Accrued subcontractor costs	$ 30,594	$ 33,061
Accrued bonuses	15,703	18,277
Employee withholdings	5,031	3,664
Compensation and payroll taxes	4,899	3,564
Rebate and other	—	360
Accrued accounting costs and taxes	3,424	3,850
Total accrued liabilities	$ 59,651	$ 62,776

Goodwill

	December 27, 2024	Additional Purchase Cost	Additions / Adjustments	July 4, 2025
		(in thousands)		
Reporting Unit:				
Energy	$ 139,222	$ 33,506	$ —	$ 172,728
Engineering and Consulting	1,769	7,879	—	9,648
	$ 140,991	$ 41,385	$ —	$ 182,376

The Company tests its goodwill at least annually for possible impairment. The Company completes its annual testing of goodwill as of the last day of the first month of its fourth fiscal quarter each year to determine whether there is a potential impairment. In addition to the Company's annual test, it regularly evaluates whether events and circumstances have occurred that may indicate a potential impairment of goodwill. The Company evaluated the current economic environment and noted that it does not believe it is more likely than not that goodwill was impaired as of July 4, 2025.

Intangible Assets

	July 4, 2025		December 27, 2024		
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization	Amortization Period
		(in thousands)			*(in years)*
Finite:					
Backlog	$ 11,804	$ 8,924	$ 8,882	$ 8,350	1.0
Tradename	18,080	14,809	16,123	13,196	2.5 - 6.0
Non-compete agreements	1,613	1,512	1,613	1,488	4.0 - 5.0
Developed technology	15,810	15,615	15,810	15,286	8.0
Customer relationships	67,766	40,094	62,041	36,735	5.0 - 12.0
Total intangible assets	$ 115,073	$ 80,954	$ 104,469	$ 75,055	

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses certain interest rate derivative contracts to hedge interest rate exposures on its variable rate debt. The Company's hedging program is not designated for trading or speculative purposes.

The Company recognizes derivative instruments as either assets or liabilities on the accompanying condensed consolidated balance sheets at fair value. The Company records changes in the fair value (i.e., gains or losses) of the derivatives that have been designated as cash flow hedges in its consolidated balance sheets as accumulated other comprehensive income (loss), and in its consolidated statements of comprehensive income (loss) as a loss or gain on cash flow hedge valuation. All related cash flows are reported in the operating activities section of the consolidated statements of cash flows.

On November 30, 2023, the Company entered into an interest rate swap agreement that the Company designated as cash flow hedge to fix the variable interest rate on a portion of the Company's Term Loan (see Note 6, *"Debt Obligations"* for information regarding our indebtedness). The interest rate swap agreement has a total notional amount of $50.0 million, has a fixed annual interest rate of 4.77%, and expires on September 29, 2026. As of July 4, 2025, the effective portion of the Company's interest rate swap agreement designated as a cash flow hedge before tax effects was $(0.3) million, of which no amounts were reclassified from accumulated other comprehensive income (loss) to interest expense in the six months ended July 4, 2025. The Company expects to reclassify $0.3 million from accumulated other comprehensive income (loss) to interest expense within the next twelve months.

The fair values of the Company's outstanding derivatives designated as hedging instruments were as follows:

		Fair Value of Derivative Instruments as of	
	Balance Sheet Location	**July 4, 2025**	**December 27, 2024**
		(in thousands)	
Interest rate swap agreement	Accrued liabilities	$ (281)	$ (198)
Interest rate swap agreement	Other noncurrent liabilities	(112)	(200)

The impact of the effective portions of derivative instruments in cash flow hedging relationships and fair value relationships on other comprehensive income (loss) was $0.2 million for the three months ended July 4, 2025 and was immaterial to the Company's condensed consolidated financial statements for the six months ended July 4, 2025.

WILLDAN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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The accumulated balances and reporting period activities for the periods below related to reclassifications out of accumulated other comprehensive income (loss) are summarized as follows:

	Gain (Loss) on Derivative Instruments	Accumulated Other Comprehensive Income (Loss)
	(in thousands)	
Balances at December 27, 2024	$ (314)	$ (314)
Other comprehensive income (loss) before reclassifications	(234)	(234)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—
Income tax benefit (expense) related to derivative instruments	49	49
Net current-period other comprehensive income (loss)	(185)	(185)
Balances at April 4, 2025	$ (499)	$ (499)
Other comprehensive income (loss) before reclassifications	238	238
Amounts reclassified from accumulated other comprehensive income (loss)	—	—
Income tax benefit (expense) related to derivative instruments	(50)	(50)
Net current-period other comprehensive income (loss)	188	188
Balances at July 4, 2025	$ (311)	$ (311)

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6. DEBT OBLIGATIONS

Debt obligations, excluding obligations under finance leases (see Note 7, "*Leases",* below), consisted of the following:

	July 4, 2025	December 27, 2024
	(in thousands)	
New Credit Agreement		
Outstanding borrowings on Term Loan A	$ 50,000	$ —
Outstanding borrowings on Revolving Credit Facility	10,000	—
Outstanding borrowings on Delayed Draw Term Loan	—	—
Prior Credit Agreement		
Outstanding borrowings on Term Loan	—	90,000
Outstanding borrowings on Revolving Credit Facility	—	—
Other debt agreements	—	137
Total debt	60,000	90,137
Issuance costs and debt discounts	(321)	(650)
Subtotal	59,679	89,487
Less current portion of long-term debt	2,500	10,137
Long-term debt portion	$ 57,179	$ 79,350

Prior Credit Agreement

On September 29, 2023 (the "Prior Credit Agreement Closing Date"), the Company and certain of its subsidiaries entered into a credit agreement (the "Prior Credit Agreement") with a syndicate of financial institutions as lenders and BMO Bank, N.A. ("BMO"), as administrative agent (the "Administrative Agent").

The Prior Credit Agreement provided for (i) a $100.0 million term loan (the "Term Loan") and (ii) a $50.0 million revolving credit facility (the "Prior Revolving Credit Facility", and collectively with the Term Loan, the "Prior Credit Facilities"), each maturing on September 29, 2026. The Company could also request lenders to add incremental term loans or increase the aggregate commitment under the Prior Revolving Credit Facility by an aggregate amount of up to $75.0 million, subject to meeting certain conditions, and only if the lenders agreed to provide such additional term loans or revolving commitments.

Borrowings under the Prior Credit Facilities bore interest at either a Base Rate (as defined in the Prior Credit Agreement) or the adjusted Secured Overnight Financing Rate ("SOFR"), at the Company's option, and in each case, plus an applicable margin, which applicable margin ranged from 0.75% to 2.00% with respect to Base Rate borrowings and 1.75% to 3.00% with respect to SOFR borrowings, depending on the Company's Total Net Leverage Ratio (as defined in the Prior Credit Agreement); provided, that SOFR and the Base Rate could not be less than 0.00%, with the specific pricing reset on each date on which the Administrative Agent received the required financial statements under the Prior Credit Agreement for the fiscal quarter then ended. The Company would also pay a commitment fee for the unused portion of the Prior Revolving Credit Facility, which ranged from 0.20% to 0.40% per annum depending on the Company's Total Net Leverage Ratio, and fees on the face amount of any letters of credit outstanding under the Prior Revolving Credit Facility, which ranged from 1.3125% to 2.25% per annum, in each case, depending on the Company's Total Net Leverage Ratio, as well as customary fronting fees payable to BMO as letter of credit issuer. In connection with the closing of the Prior Credit Facilities, the Company paid certain other fees and expenses.

The prior Term Loan amortized quarterly in an amount equal to (i) 7.5% per annum for the first year ending after the Prior Credit Agreement Closing Date and (ii) 10.0% per annum for the second and third years ending after the

Prior Credit Agreement Closing Date, with a final payment of all then remaining principal and interest due on the maturity date of September 29, 2026. The amounts outstanding under the Prior Credit Facilities could be prepaid in whole or in part at any time without penalty (other than customary breakage costs).

Willdan Group, Inc. was the borrower under the Prior Credit Agreement and its obligations under the Prior Credit Agreement were guaranteed by its present and future domestic subsidiaries (other than inactive subsidiaries). In addition, subject to certain exceptions, all such obligations were secured by substantially all of the assets of Willdan Group, Inc. and the subsidiary guarantors (other than inactive subsidiaries).

The Prior Credit Agreement required compliance with financial covenants, including a maximum Net Leverage Ratio and a minimum Fixed Charge Coverage Ratio (as defined in the Prior Credit Agreement). The Prior Credit Agreement also contained customary restrictive covenants, including (i) restrictions on the incurrence of additional indebtedness and additional liens on property, (ii) restrictions on permitted acquisitions and other investments and (iii) limitations on asset sales, mergers and acquisitions. Further, the Prior Credit Agreement limited the Company’s payment of future dividends and distributions and share repurchases by the Company. Subject to certain exceptions, the borrowings under the Prior Credit Agreement were also subject to mandatory prepayment from (a) any issuances of debt or equity securities, (b) any sale or disposition of assets, (c) insurance and condemnation proceeds, and (d) a percentage of excess cash flow. The Prior Credit Agreement included customary events of default.

Amended and Restated Credit Agreement

On May 5, 2025 (the “Closing Date”), the Company entered into the Amended and Restated Credit Agreement (the “Amended and Restated Credit Agreement”) with BMO as Administrative Agent and the lenders party thereto, which amended and restated the Prior Credit Agreement. The Amended and Restated Credit Agreement, (A) increased the borrowing limit under the Prior Revolving Credit Facility to $100.0 million (as amended, the “Revolving Credit Facility”), (B) reduced the Term Loan A (“TLA”) commitment to $50.0 million, (C) provided a new $50.0 million Delayed Draw Term Loan (the “Delayed Draw Term Loan”, and together with the Revolving Credit Facility and TLA, the “Amended and Restated Credit Facilities”), and (D) extended the maturity date of the Amended and Restated Credit Facilities to May 5, 2030. The Company may also request lenders to add incremental term loans or increase the aggregate commitment under the Revolving Credit Facility by an aggregate amount of (i) up to $75.0 million or (ii) 1.0x the Company’s last twelve months (“LTM”) Adjusted EBITDA (as calculated pursuant to the Amended and Restated Credit Agreement), subject to meeting certain conditions, and only if the lenders agree to provide such additional term loans or revolving commitments.

Pursuant to the Amended and Restated Credit Agreement, borrowings under the Amended and Restated Credit Facilities bear interest at either a Base Rate (as defined in the Amended and Restated Credit Agreement) or the adjusted SOFR, at the Company’s option, and in each case, plus an applicable margin, which applicable margin ranges from 0.50% to 1.50% with respect to Base Rate borrowings and 1.50% to 2.50% with respect to SOFR borrowings, depending on the Company’s Total Net Leverage Ratio (as defined in the Amended and Restated Credit Agreement); provided, that SOFR and the Base Rate cannot be less than 0.00%, with the specific pricing reset on each date on which the Administrative Agent receives the required financial statements under the Credit Agreement for the fiscal quarter then ended. The Company must also pay a commitment fee for the unused portion of the Revolving Credit Facility, which ranges from 0.15% to 0.35% per annum depending on the Company’s Total Net Leverage Ratio, and fees on the face amount of any letters of credit outstanding under the Revolving Credit Facility, which range from 1.125% to 1.875% per annum, in each case, depending on the Company’s Total Net Leverage Ratio, as well as customary fronting fees payable to BMO as letter of credit issuer. In connection with the closing of the Amended and Restated Credit Facilities, the Company paid certain other fees and expenses.

The TLA will amortize quarterly in an amount equal to 5.0% per annum beginning with the first full fiscal quarter ending after the Amended and Restated Credit Agreement Closing Date, with a final payment of all then remaining principal and interest due on the maturity date of May 5, 2030. Each borrowing under the Delayed Draw Term Loan will amortize in an amount equal to 5.0% per annum of the aggregate outstanding borrowings under the Delayed Draw Term Loan, beginning with the first full fiscal quarter ending after the initial borrowing date, with a final payment of all then remaining principal and interest due on the maturity date of May 5, 2030. The amounts outstanding under the Amended and Restated Credit Facilities may be prepaid in whole or in part at any time without penalty (other than customary breakage costs).

The TLA issuance costs are amortized to interest expense over the term of the TLA, and as of July 4, 2025, issuance costs of $0.3 million remained unamortized. The Revolving Credit Facility issuance costs of $0.7 million are included in assets in the accompanying Condensed Consolidated Balance Sheets.

Willdan Group, Inc. is the borrower under the Amended and Restated Credit Agreement and its obligations under the Amended and Restated Credit Agreement are guaranteed by its present and future domestic subsidiaries (other than inactive subsidiaries). In addition, subject to certain exceptions, all such obligations are secured by substantially all of the assets of Willdan Group, Inc. and the subsidiary guarantors (other than inactive subsidiaries).

The Amended and Restated Credit Agreement requires compliance with financial covenants, including a maximum Net Leverage Ratio and a minimum Fixed Charge Coverage Ratio (as defined in the Credit Agreement). The Amended and Restated Credit Agreement also contains customary restrictive covenants, including (i) restrictions on the incurrence of additional indebtedness and additional liens on property, (ii) restrictions on permitted acquisitions and other investments and (iii) limitations on asset sales, mergers and acquisitions. Further, the Amended and Restated Credit Agreement limits the Company’s payment of future dividends and distributions and share repurchases by the Company. Subject to certain exceptions, the borrowings under the Amended and Restated Credit Agreement are also subject to mandatory prepayment from (a) any issuances of debt or equity securities, (b) any sale or disposition of assets, (c) insurance and condemnation proceeds, and (d) a percentage of Excess Cash Flow, as defined in the Amended and Restated Credit Agreement. The Amended and Restated Credit Agreement includes customary events of default.

As of July 4, 2025, the Company was in compliance with all these covenants contained in the Amended and Restated Credit Agreement. In addition, as of July 4, 2025, the Company’s composite interest rate, exclusive of the effects of upfront fees, undrawn fees and issuance cost amortization, was 6.2%.

7. LEASES

The Company leases certain office facilities under long-term, non-cancellable operating leases that expire at various dates through 2030. In addition, the Company is obligated under finance leases for certain furniture and office equipment that expire at various dates through 2030.

From time to time, the Company enters into non-cancelable leases for some of its facility and equipment needs. These leases allow the Company to conserve cash by paying a monthly lease rental fee for the use of facilities and equipment rather than purchasing them. The Company’s leases typically have remaining terms ranging from one to eight years, some of which may include options to extend the leases for up to five years, and some of which may include options to terminate the leases within one year. Currently, all of the Company’s leases contain fixed payment terms. The Company may decide to cancel or terminate a lease before the end of its term, in which case the Company is typically liable to the lessor for the remaining lease payments under the term of the lease. Additionally, all of the Company’s month-to-month leases are cancelable by the Company or the lessor, at any time, and are not included in the Company’s right-of-use asset or lease liability. As of July 4, 2025, the Company had no leases with residual value guarantees. Typically, the Company has purchase options on the equipment underlying its long-term leases. The Company may exercise some of these purchase options when the need for equipment is on-going and the purchase option price is attractive. Nonperformance-related default covenants, cross-default provisions, subjective default provisions and material adverse change clauses contained in material lease agreements, if any, are also evaluated to determine whether those clauses affect lease classification in accordance with ASC Topic 842-10-25. Leases are accounted for as operating or financing leases, depending on the terms of the lease.

Financing Leases

The Company leases certain equipment under financing leases. The economic substance of the leases is a financing transaction for acquisition of equipment and leasehold improvements. Accordingly, the right-of-use assets for these leases are included in the balance sheets in equipment and leasehold improvements, net of accumulated depreciation, with a corresponding amount recorded in current portion of financing lease obligations or noncurrent portion of financing lease obligations, as appropriate. The financing lease assets are amortized over the life of the lease or, if shorter, the life of the leased asset, on a straight-line basis and included in depreciation expense. The interest associated with financing lease obligations is included in interest expense.

Right-of-use assets

Operating leases are included in right-of-use assets, and current portion of lease liability and noncurrent portion of lease liability, as appropriate. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Company’s leases do not provide an implicit rate to calculate present value, the Company determines this rate by estimating the Company’s incremental borrowing rate at the lease commencement date. The right-of-use asset also includes any lease payments made and initial direct costs incurred at lease commencement and excludes lease incentives. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

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The following is a summary of the Company's lease expense:

	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
	(in thousands)		*(in thousands)*	
Operating lease cost	$ 1,502	$ 1,530	$ 3,117	$ 3,057
Sublease Income	(14)	(14)	(28)	(28)
Finance lease cost:				
Amortization of assets	363	367	722	722
Interest on lease liabilities	45	35	92	66
Total net lease cost	$ 1,896	$ 1,918	$ 3,903	$ 3,817

The following is a summary of lease information presented on the Company's consolidated balance sheet:

	July 4, 2025	December 27, 2024
	(in thousands)	
Operating leases:		
Right-of-use assets	$ 11,044	$ 14,035
Lease liability	$ 5,723	$ 5,804
Lease liability, less current portion	7,474	9,939
Total lease liabilities	$ 13,197	$ 15,743
Finance leases (included in equipment and leasehold improvements, net):		
Equipment and leasehold improvements, net	$ 7,231	$ 7,052
Accumulated depreciation	(4,709)	(4,662)
Total equipment and leasehold improvements, net	$ 2,522	$ 2,390
Finance lease obligations	$ 1,259	$ 1,138
Finance lease obligations, less current portion	1,376	1,379
Total finance lease obligations	$ 2,635	$ 2,517
Weighted average remaining lease term (in years):		
Operating Leases	2.69	3.03
Finance Leases	2.24	2.42
Weighted average discount rate:		
Operating Leases	6.99 %	6.97 %
Finance Leases	6.63 %	6.87 %

Rent expense was $1.7 million and $3.5 million for the three and six months ended July 4, 2025 respectively, as compared to $1.8 million and $3.5 million for the three and six months ended June 28, 2024, respectively.

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The following is a summary of other information and supplemental cash flow information related to finance and operating leases:

	Six Months Ended	
	July 4, 2025	**June 28, 2024**
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ 3,440	$ 3,139
Operating cash flow from finance leases	92	66
Financing cash flow from finance leases	737	698
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 408	$ 2,813

The following is a summary of the Company's maturities of lease liabilities as of July 4, 2025:

	Operating	**Finance**
	(in thousands)	
Fiscal year:		
Remainder of 2025	$ 3,280	$ 748
2026	5,700	1,231
2027	3,132	696
2028	1,776	121
2029	759	31
2030 and thereafter	2	1
Total lease payments	14,649	2,828
Less: Imputed interest	(1,452)	(193)
Total lease obligations	13,197	2,635
Less: Current obligations	5,723	1,259
Noncurrent lease obligations	$ 7,474	$ 1,376

The imputed interest for finance lease obligations represents the interest component of finance leases that will be recognized as interest expense in future periods. The financing component for operating lease obligations represents the effect of discounting the operating lease payments to their present value.

8. COMMITMENTS AND VARIABLE INTEREST ENTITIES

Employee Benefit Plans

The Company has a qualified profit sharing plan pursuant to Code Section 401(a) and qualified cash or deferred arrangement pursuant to Code Section 401(k) covering all employees. Employees may elect to contribute up to 50% of their compensation limited to the amount allowed by tax laws. Company contributions are made solely at the discretion of the Company’s board of directors.

The Company’s defined contribution plan (the “Plan”) covers employees who have completed three months of service and who have attained 21 years of age. The Company elects to make matching contributions equal to 50% of the participants’ contributions to the Plan, up to 6% of the individual participant’s compensation, and subject to a maximum of $3,000 per employee. Under the Plan, the Company may make discretionary contributions to employee accounts.

During the six months ended July 4, 2025 and June 28, 2024, the Company made matching contributions of $2.0 million and $1.7 million, respectively.

Variable Interest Entities

On March 4, 2016, the Company and the Company’s wholly-owned subsidiary, Willdan Energy Solutions, Inc. (“WES”), acquired substantially all of the assets of Genesys Engineering, P.C. (“Genesys”) and assumed certain specified liabilities of Genesys (collectively, the “Purchase”) pursuant to an Asset Purchase and Merger Agreement, dated as of February 26, 2016 (the “Agreement”), by and among Willdan Group, Inc., WES, WESGEN (as defined below), Genesys and Ronald W. Mineo (“Mineo”) and Robert J. Braun (“Braun” and, together with Mineo, the “Genesys Shareholders”). On March 5, 2016, pursuant to the terms of the Agreement, WESGEN, Inc., a non-affiliated corporation (“WESGEN”), merged (the “Merger” and, together with the Purchase, the “Acquisition”) with Genesys, with Genesys remaining as the surviving corporation. Genesys was acquired to strengthen the Company’s power engineering capability in the northeastern U.S., and also to increase client exposure and experience with universities.

Genesys continues to be a professional corporation organized under the laws of the State of New York, wholly-owned by one or more licensed engineers. Pursuant to New York law, the Company does not own capital stock of Genesys. The Company has entered into an agreement with the Shareholder of Genesys pursuant to which the Shareholder will be prohibited from selling, transferring or encumbering the Shareholder’s ownership interest in Genesys without the Company’s consent. Notwithstanding the Company’s rights regarding the transfer of Genesys’s stock, the Company does not have control over the professional decision making of Genesys’s engineering services. The Company has entered into an administrative services agreement with Genesys pursuant to which WES will provide Genesys with ongoing administrative, operational and other non-professional support services. Genesys pays WES a service fee, which consists of all of the costs incurred by WES to provide the administrative services to Genesys plus ten percent of such costs, as well as any other costs that relate to professional service supplies and personnel costs. As a result of the administrative services agreement, the Company absorbs the expected losses of Genesys through its deferral of Genesys’s service fees owed to WES.

The Company manages Genesys and has the power to direct the activities that most significantly impact Genesys's performance, in addition to being obligated to absorb expected losses from Genesys. Accordingly, the Company is the primary beneficiary of Genesys and consolidates Genesys as a variable interest entity ("VIE"). In addition, the Company concluded there is no noncontrolling interest related to the consolidation of Genesys because the Company determined that (i) the shareholder of Genesys does not have more than a nominal amount of equity investment at risk, (ii) WES absorbs the expected losses of Genesys through its deferral of Genesys's service fees owed to WES and the Company has, since entering into the administrative services agreement, had to continuously defer service fees for Genesys, and (iii) the Company believes Genesys will continue to have a shortfall on payment of its service fees for the foreseeable future, leaving no expected residual returns for the shareholder. As of July 4, 2025, the Company had one VIE — Genesys.

WILLDAN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

9. SEGMENT AND GEOGRAPHICAL INFORMATION

Segment Information

The Company's two segments are Energy, and Engineering and Consulting, and the Company's chief operating decision maker, which continues to be its chief executive officer, receives and reviews financial information in this format.

In accordance with ASU 2023-07, the Company's chief operating decision maker ("CODM") evaluates the performance of each segment based upon the information provided below.

There were no intersegment sales during the three months ended July 4, 2025 and June 28, 2024. In addition, enterprise-wide service line contract revenue is not included as it is impracticable to report this information for each group of similar services.

	Energy	Engineering & Consulting	Unallocated Corporate	Intersegment	Consolidated Total (1)
			(in thousands)		
Fiscal Three Months Ended July 4, 2025					
Contract revenue	$ 146,749	$ 26,724	$ -	$ -	$ 173,473
Direct subcontractor services and other direct costs	76,794	1,711	-	-	78,505
Direct salaries and wages	16,176	10,467	-	-	26,643
Gross profit	53,779	14,546	-	-	68,325
Other indirect costs	35,878	9,353	5,774	-	51,005
EBITDA (2)	17,167	5,192	(4,488)	-	17,871
Interest expense, net	-	-	2,186	-	2,186
Depreciation and amortization	4,940	564	-	-	5,504
Segment profit (loss) before income tax expense	12,228	4,628	(6,675)	-	10,181
Income tax expense (benefit)	(5,861)	(2,759)	3,365	-	(5,255)
Net income (loss)	18,088	7,387	(10,039)	-	15,436
Segment assets (3)	385,271	41,207	81,503	(23,130)	484,851
Fiscal Six Months Ended July 4, 2025					
Contract revenue	$ 272,997	$ 52,862	$ -	$ -	$ 325,859
Direct subcontractor services and other direct costs	142,874	2,679	-	-	145,553
Direct salaries and wages	32,717	21,603	-	-	54,320
Gross profit	97,406	28,580	-	-	125,986
Other indirect costs	70,426	19,629	7,135	-	97,190
EBITDA (2)	26,249	8,947	(5,890)	-	29,306
Interest expense, net	-	-	3,988	-	3,988
Depreciation and amortization	8,895	1,049	-	-	9,944
Segment profit (loss) before income tax expense	17,355	7,898	(9,879)	-	15,374
Income tax expense (benefit)	(5,361)	(2,440)	3,052	-	(4,749)
Net income (loss)	22,715	10,338	(12,930)	-	20,123
Segment assets (3)	385,271	41,207	81,503	(23,130)	484,851

(1) *Amounts may not add to the totals due to rounding.*
(2) *"EBITDA" is defined as earnings before interest, taxes, depreciation and amortization.*
(3) *Segment assets are presented net of intercompany receivables.*

WILLDAN GROUP, INC. AND SUBSIDIARIES
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(Unaudited)

	Energy	Engineering & Consulting	Unallocated Corporate	Intersegment	Consolidated Total [1]
			(in thousands)		
Fiscal Three Months Ended June 28, 2024					
Contract revenue	$ 117,852	$ 23,144	$ -	$ -	$ 140,996
Direct subcontractor services and other direct costs	67,556	989	-	-	68,545
Direct salaries and wages	13,885	9,762	-	-	23,647
Gross profit	36,411	12,393	-	-	48,804
Other indirect costs	28,002	9,004	1,721	-	38,727
EBITDA [2]	8,624	3,387	(1,108)	-	10,903
Interest expense, net	-	-	1,960	-	1,960
Depreciation and amortization	3,227	402	-	-	3,629
Segment profit (loss) before income tax expense	5,399	2,984	(3,069)	-	5,314
Income tax expense (benefit)	709	396	(385)	-	720
Net income (loss)	4,688	2,589	(2,683)	-	4,594
Segment assets [3]	328,031	30,989	85,399	(23,130)	421,289
Fiscal Six Months Ended June 28, 2024					
Contract revenue	$ 218,598	$ 44,887	$ -	$ -	$ 263,485
Direct subcontractor services and other direct costs	120,210	1,894	-	-	122,104
Direct salaries and wages	26,218	18,941	-	-	45,159
Gross profit	72,170	24,052	-	-	96,222
Other indirect costs	56,341	17,961	2,890	-	77,192
EBITDA [2]	16,173	6,087	(1,700)	-	20,560
Interest expense, net	1	-	4,096	-	4,097
Depreciation and amortization	6,463	758	-	-	7,221
Segment profit (loss) before income tax expense	9,710	5,328	(5,796)	-	9,242
Income tax expense (benefit)	1,792	984	(1,070)	-	1,706
Net income (loss)	7,917	4,345	(4,726)	-	7,536
Segment assets [3]	328,031	30,989	85,399	(23,130)	421,289

(1) *Amounts may not add to the totals due to rounding.*

(2) *"EBITDA" is defined as earnings before interest, taxes, depreciation and amortization.*

(3) *Segment assets are presented net of intercompany receivables.*

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The following tables provide information about disaggregated revenue by contract type, client type and geographical region:

	Three months ended July 4, 2025		
	Energy	Engineering and Consulting	Total
		(in thousands)	
Contract Type			
Time-and-materials	$ 11,733	$ 18,899	$ 30,632
Unit-based	58,250	6,487	64,737
Fixed price	76,766	1,338	78,104
Total [1]	$ 146,749	$ 26,724	$ 173,473
Client Type			
Commercial	$ 18,093	$ 1,755	$ 19,848
Government	55,839	24,924	80,763
Utilities [2]	72,817	45	72,862
Total [1]	$ 146,749	$ 26,724	$ 173,473
Geography [3]			
Domestic	$ 146,749	$ 26,724	$ 173,473

	Six months ended July 4, 2025		
	Energy	Engineering and Consulting	Total
		(in thousands)	
Contract Type			
Time-and-materials	$ 23,335	$ 36,959	$ 60,294
Unit-based	105,957	12,742	118,699
Fixed price	143,705	3,161	146,866
Total [1]	$ 272,997	$ 52,862	$ 325,859
Client Type			
Commercial	$ 31,608	$ 3,566	$ 35,174
Government	104,163	49,196	153,359
Utilities [2]	137,226	100	137,326
Total [1]	$ 272,997	$ 52,862	$ 325,859
Geography [3]			
Domestic	$ 272,997	$ 52,862	$ 325,859

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	Three months ended June 28, 2024		
	Energy	**Engineering and Consulting**	**Total**
		(in thousands)	
Contract Type			
Time-and-materials	$ 8,700	$ 17,027	$ 25,727
Unit-based	47,578	4,871	52,449
Fixed price	61,574	1,246	62,820
Total [1]	$ 117,852	$ 23,144	$ 140,996
Client Type			
Commercial	$ 8,691	$ 1,733	$ 10,424
Government	51,468	21,361	72,829
Utilities [2]	57,693	50	57,743
Total [1]	$ 117,852	$ 23,144	$ 140,996
Geography [3]			
Domestic	$ 117,852	$ 23,144	$ 140,996

	Six months ended June 28, 2024		
	Energy	**Engineering and Consulting**	**Total**
		(in thousands)	
Contract Type			
Time-and-materials	$ 17,237	$ 33,426	$ 50,663
Unit-based	94,535	9,382	103,917
Fixed price	106,826	2,079	108,905
Total [1]	$ 218,598	$ 44,887	$ 263,485
Client Type			
Commercial	$ 15,894	$ 3,313	$ 19,207
Government	87,288	41,459	128,747
Utilities [2]	115,416	115	115,531
Total [1]	$ 218,598	$ 44,887	$ 263,485
Geography [3]			
Domestic	$ 218,598	$ 44,887	$ 263,485

(1) *Amounts may not add to the totals due to rounding.*
(2) *Includes the portion of revenue related to small business programs paid by the end user/customer.*
(3) *Revenue from the Company's foreign operations was not material for the three and six months ended July 4, 2025 and June 28, 2024.*

Geographical Information

Substantially all of the Company's consolidated revenue was derived from its operations in the U.S. The Company operates through a network of offices spread across 22 U.S. states, the District of Columbia, the Commonwealth of Puerto Rico, and Canada. Revenues from the Company's Puerto Rican and Canadian operations were not material for the three and six months ended July 4, 2025, nor for the three and six months ended June 28, 2024.

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Customer Concentration

For the three and six months ended July 4, 2025, the Company's top 10 customers accounted for 52.5%, and 52.6%, respectively, of the Company's consolidated contract revenue. For the three and six months ended June 28, 2024, the Company's top 10 customers accounted for 52.4%, and 49.8%, respectively, of the Company's consolidated contract revenue.

For the three and six months ended July 4, 2025, the Company had individual customers that accounted for more than 10% of its consolidated contract revenue. For the three months ended July 4, 2025, the Company derived 26.3% of its consolidated contract revenue from two customers, Southern California Edison and Clark County School District. For the six months ended July 4, 2025, the Company derived 25.3% of its consolidated contract revenue from two customers, Southern California Edison and Clark County School District. For the three and six months ended June 28, 2024, the Company had no individual customers that accounted for more than 10% of its consolidated contract revenue.

On a segment basis, the Company reports customers that accounted for more than 10% of its segment contract revenues. For the three months ended July 4, 2025, the Company derived 31.1% of its Energy segment revenues from two customers, Southern California Edison and Clark County School District, and no single customer accounted for 10% or more of the Company's Engineering and Consulting segment revenues. For the six months ended July 4, 2025, the Company derived 30.2% of its Energy segment revenues from two customers, Southern California Edison and Clark County School District, and no single customer accounted for 10% or more of the Company's Engineering and Consulting segment revenues. For the three and six months ended June 28, 2024, no single customer accounted for 10% or more of its Energy segment revenues. For the three and six months ended June 28, 2024, no single customer accounted for 10% or more of its Engineering and Consulting segment revenues.

On a geographical basis, through the six months ended July 4, 2025, the Company's largest clients are based in California, New York, and Nevada. For the three and six months ended July 4, 2025, services provided to clients in California accounted for 44.6% and 42.4%, respectively, of the Company's consolidated contract revenue, services provided to clients in New York accounted for 18.4% and 20.0%, respectively, of the Company's consolidated contract revenue, and services provided to clients in Nevada accounted for 11.1% and 12.4%, respectively, of the Company's consolidated contract revenue. Through the six months ended June 28, 2024, the Company's largest clients are based in California and New York. For the three and six months ended June 28, 2024, services provided to clients in California accounted for 44.3% and 43.9%, respectively, of the Company's consolidated contract revenue, and services provided to clients in New York accounted for 23.7% and 25.3%, respectively, of the Company's consolidated contract revenue.

10. INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities, subject to a judgmental assessment of the recoverability of deferred tax assets. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets may not be realized. Significant judgment is applied when assessing the need for valuation allowances and includes the evaluation of historical income (loss) adjusted for the effects of non-recurring items and the impact of recent business combinations. Areas of estimation include the Company's consideration of future taxable income which is driven by verifiable signed contracts and ongoing prudent and feasible tax planning strategies. Should a change in circumstances lead to a change in judgment about the utilization of deferred tax assets in future years, the Company would adjust the related valuation allowances in the period that the change in circumstances occurs, along with a corresponding increase or charge to income.

At the end of fiscal year 2024, the Company's total valuation allowance was $1.1 million, reflecting a $0.1 million release of the valuation allowance balance of $1.2 million from the end of fiscal year 2023 as a result of expected future utilization of deferred tax assets. As of July 4, 2025, the Company assessed all available positive and negative evidence available to determine whether, based on the weight of that evidence, there was a change in judgment related to the utilization of deferred tax assets in future years. The Company concluded that as of July 4, 2025, the valuation allowance for the Company's deferred tax assets was appropriate in accordance with ASC 740. Consequently, there was no change to the valuation allowance during the three and six months ended July 4, 2025.

For acquired business entities, if the Company identifies changes to acquired deferred tax asset valuation allowances or liabilities related to uncertain tax positions during the measurement period and they relate to new information obtained about facts and circumstances that existed as of the acquisition date, those changes are considered a measurement period adjustment, and the Company records the offset to goodwill. The Company records all other changes to deferred tax asset valuation allowances and liabilities related to uncertain tax positions in current period income tax expense.

The Company recognizes the tax benefit from uncertain tax positions if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. During the three and six months ended July 4, 2025, and the three and six months ended June 28, 2024, the Company did not record a liability for uncertain tax positions.

Based on the Company's estimates and determination of an effective tax rate for the year, the Company recorded an income tax benefit of $5.3 million and $4.7 million for the three and six months ended July 4, 2025, respectively, compared to an income tax expense of $0.7 million and $1.7 million for the three and six months ended June 28, 2024, respectively. During the three and six months ended July 4, 2025, the difference between the effective tax rate and the federal statutory rate was primarily attributable to state taxes, nondeductible executive compensation, deductions related to stock option exercises, research and development tax credits, and the commercial energy-efficiency building deduction. During the three and six months ended June 28, 2024, the difference between the effective tax rate and the federal statutory rate was primarily attributable to state taxes, non-deductible stock compensation, nondeductible executive compensation, research and development tax credits, and the commercial energy-efficiency building deduction.

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On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. The OBBBA makes permanent some key tax provisions for tax year 2025, including 100% bonus depreciation, immediate expensing of domestic research costs, and increased limitations for deducting business interest expense. In addition, the OBBBA includes key tax provisions that will take effect in future tax years, such as reduced deductions available for foreign derived income and the repeal of the energy-efficiency building deduction under Section 179D for property for which construction begins after June 30, 2026. ASC 740 requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation is enacted. Accordingly, the effects of the OBBBA have been incorporated into the income tax provision computation for this period ended July 4, 2025 and the impact was not material to the condensed consolidated financial statements.

11. EARNINGS PER SHARE ("EPS")

Basic EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted EPS is computed by dividing net income by the weighted-average number of common shares outstanding and dilutive potential common shares for the period. Potential common shares include the weighted-average dilutive effects of outstanding stock options and restricted stock awards using the treasury stock method.

The following table sets forth the number of weighted-average common shares outstanding used to compute basic and diluted EPS:

	Three months ended		Six months ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
	(in thousands, except per share amounts)			
Net income (loss)	$ 15,436	$ 4,594	$ 20,123	$ 7,536
Weighted-average common shares outstanding	14,444	13,725	14,298	13,665
Effect of dilutive stock options and restricted stock awards	473	349	480	336
Weighted-average common shares outstanding-diluted	14,917	14,074	14,778	14,001
Earnings (Loss) per share:				
Basic	$ 1.07	$ 0.33	$ 1.41	$ 0.55
Diluted	$ 1.03	$ 0.33	$ 1.36	$ 0.54

For the three and six months ended July 4, 2025, the Company excluded 3,000 and 1,000 common shares subject to outstanding equity awards, respectively, from the calculation of diluted shares because their impact would have been anti-dilutive. For the three and six months ended June 28, 2024, the Company excluded 273,000 and 409,000 common shares subject to outstanding equity awards, respectively, from the calculation of diluted shares because their impact would have been anti-dilutive.

12. BUSINESS COMBINATIONS

Acquisition of Alternative Power Generation, Inc.

On March 3, 2025 (the "APG Closing Date"), the Company, through its wholly owned subsidiary, WES, acquired all of the capital stock of Alternative Power Generation, Inc. ("APG"), pursuant to the terms of the Stock Purchase Agreement, dated as of March 3, 2025 (the "APG Stock Purchase Agreement"), by and among the Company, WES, and each of the stockholders of APG (the "APG Stockholders").

APG provides innovative, progressive, and customized electric power solutions for EV charging, solar, AI data centers, microgrids, battery energy storage systems (BESS), and substations. APG offers consulting, design, engineering, procurement, and construction management. APG's financial information is included within the Energy segment beginning in the first quarter of fiscal year 2025. The Company expects to finalize the purchase price allocation related to this transaction by the end of the fourth quarter of fiscal year 2025.

Pursuant to the terms of the APG Stock Purchase Agreement, the Company agreed to pay up to $43.5 million for the purchase of all the capital stock of APG, which purchase price consists of (i) $19.5 million in cash paid on the APG Closing Date (subject to holdbacks and adjustments), (ii) $6.0 million in shares of the Company's common stock, based on the closing average price per share of the Company's common stock for the twenty trading days preceding the APG Closing Date, and (iii) up to $18.0 million in cash if APG exceeds certain financial targets during the three years after the APG Closing Date, as more fully described below (such potential payments of up to $18.0 million being referred to as "APG Earnout Payments" and $18.0 million in respect thereof, being referred to as the "APG Maximum Payout").

The amount of the APG Earnout Payments to be paid will be determined based on APG's earnings before interest, taxes, depreciation and amortization ("APG EBITDA"). The APG Stockholders will receive APG Earnout Payments in each of the three years after the APG Closing Date (the "APG Earnout Period") based on the amount by which APG EBITDA exceeds certain targets. The amounts due to the APG Stockholders as APG Earnout Payments will in no event, individually or in the aggregate, exceed the APG Maximum Payout. APG Earnout Payments will be made in annual installments for each of the three years of the APG Earnout Period. In addition, the APG Earnout Payments will be subject to certain subordination provisions in favor of the lenders under the Company's Credit Agreement.

The APG Stock Purchase Agreement contains customary representations and warranties regarding the Company, WES, APG, and the APG Stockholders, indemnification provisions, and other provisions customary for transactions of this nature.

The Company used cash on hand and restricted common stock to fund the initial purchase price on the APG Closing Date.

The acquisition was accounted for as a business combination in accordance with ASC 805. Under ASC 805, the Company recorded the acquired assets and assumed liabilities at their estimated fair value with the excess allocated to goodwill. Goodwill represents the value the Company expects to achieve through the operational synergies, the expansion into new markets and APG's assembled workforce. The Company estimates that the entire $33.5 million of goodwill resulting from the acquisition of APG will be tax deductible.

As of July 4, 2025, the purchase price allocation is preliminary and subject to change within the measurement period (not to exceed twelve months following the APG Closing Date). The areas of the purchase price allocation that are not yet finalized relate primarily to contingent consideration valuation, intangible assets, and goodwill.

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The Company expects to continue to obtain information for the purpose of determining the fair value of the assets acquired on the APG Closing Date throughout the remainder of the measurement period. Accordingly, adjustments may be made as additional information is obtained about the facts and circumstances that existed as of the valuation date. Any adjustments will be recorded in the period in which they are identified. In addition, the Company engaged a third-party independent valuation specialist to assist in management's determination of fair values of tangible and intangible assets acquired and liabilities assumed, including the determination of the fair value of the contingent consideration liability. The Company's third-party independent valuation specialist determined the initial fair value of the contingent consideration liability utilizing a Monte Carlo valuation model, which involves a simulation of future revenues during the earn out-period using management's best estimates, or a probability-weighted discounted cash flow analysis.

Preliminary consideration for the acquisition of APG includes the following:

		APG *(in thousands)*
Cash consideration	$	20,830
Other working capital adjustments and holdbacks		-
Issuance of common stock		5,557
Contingent consideration		12,040
Total consideration	$	38,427

The following table summarizes the amounts for the acquired assets recorded at their estimated fair value as of the acquisition date:

		APG *(in thousands)*
Current assets	$	10,606
Non-current assets [(1)]		12
Liabilities		(12,549)
Non-current lease liability		(240)
Backlog		2,372
Customer relationships		3,313
Tradename		1,407
Goodwill		33,506
Net assets acquired	$	38,427

(1) Excluded from non-current assets are backlog, customer relationships, tradename, and goodwill.

During the six months ended July 4, 2025, the Company made adjustments, primarily related to other working capital adjustments and holdbacks, to the consideration paid for APG which resulted in an adjustment to the preliminary purchase price allocation of APG. The adjustments resulted in an aggregate increase of $8.6 million in the net carrying value of backlog and goodwill, and an aggregate decrease of $5.4 million in the net carrying value of customer relationships and tradename. The increase in the fair value of intangible assets resulted in no change in the amortization expense for the three and six months ended July 4, 2024.

For the three months ended July 4, 2025, there were no acquisition related costs associated with APG included in other general and administrative expenses in the condensed consolidated statements of comprehensive income. For the six months ended July 4, 2025, there were $0.2 million in acquisition related costs associated with APG included in other general and administrative expenses in the condensed consolidated statements of comprehensive income.

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During the three and six months ended July 4, 2025, the acquisition of APG contributed $7.3 million and $9.9 million in revenue and contributed $0.8 million and $0.9 million in income from operations.

Acquisition of Alpha Inspections, Inc.

On January 31, 2025 (the “Alpha Closing Date”), the Company, through its wholly owned subsidiary, Willdan Engineering, Inc., acquired all of the capital stock of Alpha Inspections, Inc. (“Alpha”), pursuant to the terms of the Stock Purchase Agreement, dated as of January 31, 2025 (the “Alpha Stock Purchase Agreement”), by and among the Company, Willdan Engineering, Inc., and the sole shareholder of Alpha Inspections, Inc. (the “Alpha Member”).

Alpha is a company that provides an array of municipal services including building inspections, and plan reviews. Alpha’s financial information is included within the Engineering and Consulting segment beginning in the first quarter of fiscal year 2025 and the Company expects to finalize the purchase price allocation related to this transaction by the end of the fourth quarter of fiscal year 2025.

Pursuant to the terms of the Alpha Stock Purchase Agreement, the purchase price consisted of $12.0 million to be paid in cash on the Alpha Closing Date (subject to holdbacks and adjustments). The Alpha Stock Purchase Agreement contains customary representations and warranties regarding the Company, Willdan Engineering, Alpha, and the Alpha Member, indemnification provisions and other provisions customary for transactions of this nature. Pursuant to the terms of the Alpha Stock Purchase Agreement, the Company, and Willdan Engineering, provided guarantees to the Alpha Member which guarantee certain of Alpha’s obligations under the Alpha Stock Purchase Agreement.

The Company used cash on hand to fund the purchase price on the Alpha Closing Date.

The acquisition was accounted for as a business combination in accordance with ASC 805. Under ASC 805, the Company recorded the acquired assets and assumed liabilities at their estimated fair value with the excess allocated to goodwill. Goodwill represents the value the Company expects to achieve through the operational synergies, the expansion into new markets and Alpha’s assembled workforce. The Company estimates that the entire $7.9 million of goodwill resulting from the acquisition of Alpha will be tax deductible.

As of July 4, 2025, the purchase price allocation is preliminary and subject to change. The preliminary purchase price allocation was based upon the Company’s estimates and assumptions are subject to change within the measurement period (not to exceed twelve months following the Alpha Closing Date). The areas of the purchase price allocation that are not yet finalized relate primarily to intangible assets and goodwill.

The preliminary estimate of the fair values for intangible assets were calculated utilizing a weighted average allocation derived from previous valuation studies performed by a third-party valuation firm for the Company’s historical acquisitions with similar characteristics. The Company expects to continue to obtain information for the purpose of determining the fair value of the assets acquired on the Alpha Closing Date throughout the remainder of the measurement period. Accordingly, adjustments may be made as additional information is obtained about the facts and circumstances that existed as of the valuation date. In addition, the Company expects to engage a third-party independent valuation specialist to assist in management’s determination of fair values of intangible assets acquired. Any adjustments will be recorded in the period in which they are identified.

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Preliminary consideration for the acquisition of Alpha includes the following:

		Alpha
		(in thousands)
Cash consideration	$	12,086
Other working capital adjustments and holdbacks		-
Total consideration	$	12,086

The following table summarizes the amounts for the acquired assets recorded at their estimated fair value as of the acquisition date:

		Alpha
		(in thousands)
Current assets	$	1,135
Non-current assets [(1)]		34
Liabilities		(475)
Backlog		550
Customer relationships		2,413
Tradename		550
Goodwill		7,879
Net assets acquired	$	12,086

(1) Excluded from non-current assets are backlog, customer relationships, tradename, and goodwill.

During the six months ended July 4, 2025, the Company made adjustments, primarily related to other working capital adjustments and holdbacks, to the consideration paid for Alpha, which resulted in an adjustment to the preliminary purchase price allocation of Alpha. The adjustments resulted in an aggregate increase of $0.3 million in the net carrying value of liabilities and goodwill. The increase in the fair value of intangible assets resulted in no change in the amortization expense for the three and six months ended July 4, 2024.

For the three months ended July 4, 2025, there were no acquisition related costs associated with Alpha included in other general and administrative expenses in the condensed consolidated statements of comprehensive income. For the six months ended July 4, 2025, the acquisition related costs associated with Alpha included in other general and administrative expenses in the condensed consolidated statements of comprehensive income were not material.

During the three and six months ended July 4, 2025, the acquisition of Alpha contributed $0.9 million and $1.5 million in revenue, and contributed $0.5 million and $0.7 million in income from operations.

Acquisition of Enica Engineering, PLLC.

On October 23, 2024, (the “Enica Closing Date”), the Company, through its wholly owned subsidiary, WES, acquired substantially all of the assets of Enica Engineering, PLLC. (“Enica”), pursuant to the terms of the Asset Purchase Agreement, dated as of October 23, 2024 (the “Enica Agreement”), by and among the Company, WES, Genesys, Enica, and Reed Berinato (“Berinato”) and Mark Prewett (“Prewett” and, together with Berinato, the “Enica Members”). Enica is an energy efficiency company that provides an array of services around energy projects, metering, and consulting services to help its customers drive energy efficiency, decarbonization, and energy reduction. Enica’s financial information is included within the Company’s Energy segment beginning in the fourth quarter of fiscal year 2024.

The Company agreed to pay (i) $12.0 million in cash on the Enica Closing Date (subject to holdbacks and adjustments) and (ii) up to $6.0 million in cash if Enica exceeds certain financial targets during the two years after the Enica Closing Date, as further described below (such potential payments of up to $6.0 million, being referred to as

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"Enica Earnout Payments" and $6.0 million in respect thereof, being referred to as the "Enica Maximum Earnout"); for a potential maximum purchase price of $18.0 million.

The amount of the Enica Earnout Payments to be paid will be determined based on Enica's earnings before interest, taxes, depreciation and amortization ("Enica's EBITDA"). The Enica Members will receive Enica Earnout Payments in each of the two years after the Enica Closing Date (the "Earnout Period") based on the amount by which Enica's EBITDA exceeds certain targets. The amounts due to the Enica Members as Enica Earnout Payments will in no event, individually or in the aggregate, exceed the Enica Maximum Earnout. Enica Earnout Payments will be made in annual installments for each of the two years of the Enica Earnout Period. In addition, the Enica Earnout Payments will be subject to certain subordination provisions in favor of the lenders under the Company's Credit Agreement.

The Enica Agreement contains customary representations and warranties regarding the Company, WES, Genesys, Enica, and the Enica Members, indemnification provisions and other provisions customary for transactions of this nature.

The Company used cash on hand to fund the initial purchase price on the Enica Closing Date.

The acquisition was accounted for as a business combination in accordance with ASC 805. Under ASC 805, the Company recorded the acquired assets and assumed liabilities at their estimated fair value with the excess allocated to goodwill. Goodwill represents the value the Company expects to achieve through the operational synergies, the expansion into new markets and Enica's assembled workforce. The Company estimates that the entire $9.8 million of goodwill resulting from the acquisition will be tax deductible.

Consideration for the acquisition of Enica includes the following:

	Enica *(in thousands)*
Cash consideration	$ 12,211
Other working capital adjustments and holdbacks	—
Contingent consideration	4,060
Total consideration	$ 16,271

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The following table summarizes the amounts for the acquired assets recorded at their estimated fair value as of the acquisition date:

	Enica (in thousands)
Current assets	$ 2,358
Non-current assets [1]	69
Right-of-use assets	652
Liabilities	(658)
Lease liability	(652)
Backlog	576
Customer relationships	3,892
Tradename	187
Goodwill	9,847
Net assets acquired	$ 16,271

(1) Excluded from non-current assets are right-of-use assets, backlog, customer relationships, tradename, and goodwill.

During the six months ended July 4, 2025, the Company did not make any adjustments to the consideration paid for Enica, and as a result, there were no adjustments to the purchase price allocation for the six months ended July 4, 2025.

For the three months ended July 4, 2025, there were no acquisition related costs associated with Enica included in other general and administrative expenses in the condensed consolidated statements of comprehensive income. For the six months ended July 4, 2025, there were $0.1 million in acquisition related costs associated with Enica included in other general and administrative expenses in the condensed consolidated statements of comprehensive income.

During the three and six months ended July 4, 2025, the acquisition of Enica contributed $2.9 million and $5.8 million in revenue, and contributed $0.7 million and $1.4 million in income from operations.

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The following unaudited pro forma financial information for the three and six months ended July 4, 2025 and June 28, 2024 assumes that the acquisitions of all the outstanding shares of APG and Alpha, and the acquisition of substantially all of the assets of Enica, occurred on the first day of the year prior to the year of acquisition:

	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
	(in thousands, except per share data) (Unaudited)			
Pro forma revenue	$ 173,473	$ 153,771	$ 329,730	$ 289,138
Pro forma income (loss) from operations	$ 11,815	$ 8,708	$ 18,600	$ 16,700
Pro forma net income (loss) [(1)]	$ 15,434	$ 6,562	$ 19,793	$ 11,550
Earnings (Loss) per share:				
Basic	$ 1.07	$ 0.48	$ 1.38	$ 0.85
Diluted	$ 1.03	$ 0.47	$ 1.34	$ 0.82
Weighted average shares outstanding:				
Basic	14,444	13,725	14,298	13,665
Diluted	14,917	14,074	14,778	14,001

(1) Adjustments to pro forma net income include income from operations, amortization and interest expenses.

This pro forma supplemental information does not purport to be indicative of what the Company's operating results would have been had these acquisitions occurred on the first day of the year prior to the year of acquisition and may not be indicative of future operating results.

During the three and six months ended July 4, 2025, the acquisitions of APG, Alpha and Enica contributed $11.1 million and $17.2 million in revenue, and contributed $2.0 million and $3.0 million in income from operations.

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(Unaudited)

13. CONTINGENCIES

Claims and Lawsuits

The Company is subject to claims and lawsuits from time to time, including those alleging professional errors or omissions that arise in the ordinary course of business against firms that operate in the engineering and consulting professions. The Company carries professional liability insurance, subject to certain deductibles and policy limits, for such claims as they arise and may from time to time establish reserves for litigation that is considered probable of a loss.

In accordance with accounting standards regarding loss contingencies, the Company accrues an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated, and discloses the amount accrued and an estimate of any reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for the Company's financial statements not to be misleading. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated, or when the liability is believed to be only reasonably possible or remote.

Because litigation outcomes are inherently unpredictable, the Company's evaluation of legal proceedings often involves a series of complex assessments by management about future events and can rely heavily on estimates and assumptions. If the assessments indicate that loss contingencies that could be material to any one of the Company's financial statements are not probable, but are reasonably possible, or are probable, but cannot be estimated, then the Company will disclose the nature of the loss contingencies, together with an estimate of the possible loss or a statement that such loss is not reasonably estimable. While the consequences of certain unresolved proceedings are not presently determinable, and a reasonable estimate of the probable and reasonably possible loss or range of loss in excess of amounts accrued for such proceedings cannot be made, an adverse outcome from such proceedings could have a material adverse effect on the Company's earnings in any given reporting period. However, in the opinion of the Company's management, after consulting with legal counsel, and taking into account insurance coverage, the ultimate liability related to current outstanding claims and lawsuits is not expected to have a material adverse effect on the Company's financial statements.

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14. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, Subsequent Events, the Company evaluates subsequent events up until the date the Condensed Consolidated Financial Statements are issued. As of August 7, 2025, there were no subsequent events required to be reported.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Company

We are a provider of professional, technical and consulting services to utilities, private industry, and public agencies at all levels of government. As resource and infrastructure needs undergo continuous change, we help organizations and their communities evolve and thrive by providing a wide range of technical services for energy solutions, greenhouse gas reduction, and government infrastructure. Through engineering, program management, policy advisory, and software and data management, we plan, design and deliver trusted, comprehensive, innovative, and proven solutions to improve efficiency, resiliency, and sustainability in energy and infrastructure to our clients.

Our broad portfolio of services operates within two financial reporting segments: (1) Energy and (2) Engineering and Consulting. The interfaces and synergies between these segments are important elements of our strategy to design and deliver trusted, comprehensive, innovative, and proven solutions and services for our customers.

Our Energy segment provides specialized, innovative, comprehensive energy solutions to businesses, utilities, state agencies, municipalities, and non-profit organizations in the U.S. Our experienced engineers, consultants, and staff help our clients realize cost and energy savings by tailoring efficient and cost-effective solutions to assist in optimizing energy spend. Our energy efficiency services include comprehensive audit and surveys, program design, master planning, demand reduction, grid optimization, benchmarking analyses, design engineering, construction management, performance contracting, installation, alternative financing, measurement and verification services, and advances in software and data analytics for long-term planning.

Our Engineering and Consulting segment provides civil engineering-related construction management, building and safety, city engineering office management, city planning, civil design, geotechnical, material testing and other engineering consulting services to our clients. Our engineering services include traffic, bridges, rail, port, water, mining and other civil engineering projects. We also provide economic and financial consulting to public agencies. Lastly, we supplement the engineering services that we offer our clients by offering expertise and support for the various financing techniques public agencies utilize to finance their operations and infrastructure. We also support the mandated reporting and other requirements associated with these financings. We provide financial advisory services for municipal securities but do not provide underwriting services.

Results of Operations

Second Quarter and First Half Overview

The following table sets forth, for the periods indicated, certain information derived from our condensed consolidated statements of comprehensive income[(1)]:

	Three Months Ended					
	July 4, 2025		June 28, 2024		$ Change	% Change
	(in thousands, except percentages)					
Contract revenue	$ 173,473	100.0 %	$ 140,996	100.0 %	$ 32,477	23.0 %
Direct costs of contract revenue:						
Salaries and wages	26,643	15.4	23,647	16.8	2,996	12.7
Subcontractor services and other direct costs	78,505	45.3	68,545	48.6	9,960	14.5
Total direct costs of contract revenue	105,148	60.6	92,192	65.4	12,956	14.1
Gross profit	68,325	39.4	48,804	34.6	19,521	40.0
General and administrative expenses:						
Salaries and wages, payroll taxes and employee benefits	32,576	18.8	26,064	18.5	6,512	25.0
Facilities and facilities related	2,369	1.4	2,405	1.7	(36)	(1.5)
Stock-based compensation	3,182	1.8	1,945	1.4	1,237	63.6
Depreciation and amortization	5,504	3.2	3,629	2.6	1,875	51.7
Other	12,878	7.4	8,313	5.9	4,565	54.9
Total general and administrative expenses	56,509	32.6	42,356	30.0	14,153	33.4
Income (loss) from operations	11,816	6.8	6,448	4.6	5,368	83.3
Other income (expense):						
Interest expense	(2,186)	(1.3)	(1,960)	(1.4)	(226)	11.5
Other, net	551	0.3	826	0.6	(275)	(33.3)
Total other income (expense)	(1,635)	(0.9)	(1,134)	(0.8)	(501)	44.2
Income (Loss) before income tax expense	10,181	5.9	5,314	3.8	4,867	91.6
Income tax expense (benefit)	(5,255)	(3.0)	720	0.5	(5,975)	N/M
Net income (loss)	$ 15,436	8.9	$ 4,594	3.3	$ 10,842	236.0

(1) *Percentages are expressed as a percentage of contract revenue and may not total due to rounding.*

(2) *N/M = Not meaningful.*

	Six Months Ended					
	July 4, 2025		June 28, 2024		$ Change	% Change
	(in thousands, except percentages)					
Contract revenue	$ 325,859	100.0 %	$ 263,485	100.0 %	$ 62,374	23.7 %
Direct costs of contract revenue:						
Salaries and wages	54,320	16.7	45,159	17.1	9,161	20.3
Subcontractor services and other direct costs	145,553	44.7	122,104	46.3	23,449	19.2
Total direct costs of contract revenue	199,873	61.3	167,263	63.5	32,610	19.5
Gross profit	125,986	38.7	96,222	36.5	29,764	30.9
General and administrative expenses:						
Salaries and wages, payroll taxes and employee benefits	63,684	19.5	52,573	20.0	11,111	21.1
Facilities and facilities related	4,993	1.5	4,850	1.8	143	2.9
Stock-based compensation	5,608	1.7	3,335	1.3	2,273	68.2
Depreciation and amortization	9,944	3.1	7,221	2.7	2,723	37.7
Other	22,905	7.0	16,434	6.2	6,471	39.4
Total general and administrative expenses	107,134	32.9	84,413	32.0	22,721	26.9
Income (loss) from operations	18,852	5.8	11,809	4.5	7,043	59.6
Other income (expense):						
Interest expense	(3,988)	(1.2)	(4,097)	(1.6)	109	(2.7)
Other, net	510	0.2	1,530	0.6	(1,020)	(66.7)
Total other income (expense)	(3,478)	(1.1)	(2,567)	(1.0)	(911)	35.5
Income (Loss) before income tax expense	15,374	4.7	9,242	3.5	6,132	66.3
Income tax expense (benefit)	(4,749)	(1.5)	1,706	0.6	(6,455)	N/M
Net income (loss)	$ 20,123	6.2	$ 7,536	2.9	$ 12,587	167.0

(1) *Percentages are expressed as a percentage of contract revenue and may not total due to rounding.*

(2) *N/M = Not meaningful.*

The following tables provide information about disaggregated revenue of our two segments, Energy and Engineering and Consulting, by contract type, client type and geographical region:

	Three months ended July 4, 2025		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 11,733	$ 18,899	$ 30,632
Unit-based	58,250	6,487	64,737
Fixed price	76,766	1,338	78,104
Total [1]	$ 146,749	$ 26,724	$ 173,473
Client Type			
Commercial	$ 18,093	$ 1,755	$ 19,848
Government	55,839	24,924	80,763
Utilities [2]	72,817	45	72,862
Total [1]	$ 146,749	$ 26,724	$ 173,473
Geography [3]			
Domestic	$ 146,749	$ 26,724	$ 173,473

	Six months ended July 4, 2025		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 23,335	$ 36,959	$ 60,294
Unit-based	105,957	12,742	118,699
Fixed price	143,705	3,161	146,866
Total [1]	$ 272,997	$ 52,862	$ 325,859
Client Type			
Commercial	$ 31,608	$ 3,566	$ 35,174
Government	104,163	49,196	153,359
Utilities [2]	137,226	100	137,326
Total [1]	$ 272,997	$ 52,862	$ 325,859
Geography [3]			
Domestic	$ 272,997	$ 52,862	$ 325,859

	Three months ended June 28, 2024		
	Energy	Engineering and Consulting	Total
		(in thousands)	
Contract Type			
Time-and-materials	$ 8,700	$ 17,027	$ 25,727
Unit-based	47,578	4,871	52,449
Fixed price	61,574	1,246	62,820
Total (1)	$ 117,852	$ 23,144	$ 140,996
Client Type			
Commercial	$ 8,691	$ 1,733	$ 10,424
Government	51,468	21,361	72,829
Utilities (2)	57,693	50	57,743
Total (1)	$ 117,852	$ 23,144	$ 140,996
Geography (3)			
Domestic	$ 117,852	$ 23,144	$ 140,996

	Six months ended June 28, 2024		
	Energy	Engineering and Consulting	Total
		(in thousands)	
Contract Type			
Time-and-materials	$ 17,237	$ 33,426	$ 50,663
Unit-based	94,535	9,382	103,917
Fixed price	106,826	2,079	108,905
Total (1)	$ 218,598	$ 44,887	$ 263,485
Client Type			
Commercial	$ 15,894	$ 3,313	$ 19,207
Government	87,288	41,459	128,747
Utilities (2)	115,416	115	115,531
Total (1)	$ 218,598	$ 44,887	$ 263,485
Geography (3)			
Domestic	$ 218,598	$ 44,887	$ 263,485

(1) Amounts may not add to the totals due to rounding.
(2) Includes the portion of revenue related to small business programs paid by the end user/customer.
(3) Revenue from our foreign operations was not material for the three and six months ended July 4, 2025 and June 28, 2024.

Three Months Ended July 4, 2025 Compared to Three Months Ended June 28, 2024

Contract revenue. Consolidated contract revenue increased $32.5 million, or 23.0%, in the three months ended July 4, 2025, compared to the three months ended June 28, 2024, reflecting increased demand for our services in both our Energy segment and our Engineering and Consulting segment.

Contract revenue in our Energy segment increased $28.9 million, or 24.5%, in the three months ended July 4, 2025, compared to the three months ended June 28, 2024, primarily as a result of increased demand for energy efficiency and electrification services under utility programs, higher construction management revenues, higher planning and advisory consulting revenues, and the incremental revenues from our acquisitions of Enica Engineering, PLCC. (“Enica”) and Alternative Power Generation, Inc. (“APG”).

Contract revenue in our Engineering and Consulting segment increased $3.6 million, or 15.5%, in the three months ended July 4, 2025, compared to the three months ended June 28, 2024, primarily due to increased demand for services provided to our clients, combined with the incremental revenues from our acquisition of Alpha Inspections, Inc. (“Alpha”).

Direct costs of contract revenue. Direct costs of consolidated contract revenue increased $13.0 million, or 14.1%, for the three months ended July 4, 2025, compared to the three months ended June 28, 2024, primarily as a result of the increase and change of mix in contract revenues as described above. As a percentage of contract revenue, subcontractor services and other direct costs decreased to 45.3% in the three months ended July 4, 2025 from 48.6% in the three months ended June 28, 2024, while direct salaries and wages decreased to 15.4% in the three months ended July 4, 2025 from 16.8% in the three months ended June 28, 2024.

Direct costs of contract revenue in our Energy segment increased $11.6 million, or 14.2%, for the three months ended July 4, 2025, compared to the three months ended June 28, 2024. Direct costs of contract revenue for the Engineering and Consulting segment increased $1.4 million, or 13.3%, in the three months ended July 4, 2025, compared to the three months ended June 28, 2024.

Subcontractor services and other direct costs increased by $10.0 million, or 14.5%, in the three months ended July 4, 2025, compared to the three months ended June 28, 2024, primarily due to the increase in utility program revenues and construction management revenues, which utilize a higher percentage of material cost and installation subcontracting. Salaries and wages increased by $3.0 million, or 12.7%, in the three months ended July 4, 2025, compared to the three months ended June 28, 2024, primarily as a result of the increases in contract revenue as described above.

Gross Profit. Gross profit increased 40.0% to $68.3 million, or 39.4% gross margin, for the three months ended July 4, 2025, compared to gross profit of $48.8 million, or 34.6% gross margin, for the three months ended June 28, 2024. The increase in our gross margin was primarily driven by changes in the mix of revenues as described above.

General and administrative expenses. General and administrative ("G&A") expenses increased $14.2 million, or 33.4%, to $56.5 million in the three months ended July 4, 2025, compared to $42.4 million for the three months ended June 28, 2024. G&A expenses consisted of an increase of $9.6 million, or 30.7%, in the Energy segment combined with an increase of $0.5 million, or 5.4%, in the Engineering and Consulting segment, and an increase of $4.1 million, or 235.4%, in unallocated corporate expenses.

The overall increase in G&A expenses consisted of an increase of $6.5 million in salaries and wages, payroll taxes and employee benefits, an increase of $4.6 million in other general and administrative expenses, an increase of $1.9 million in depreciation and amortization, and an increase of $1.2 million in stock-based compensation. The increase in salaries and wages, payroll taxes and employee benefits was primarily due to increased staffing from acquisitions, an increase in incentive compensation to support revenue growth, consistent with the improvement in operating profit, and higher fringe benefit costs consistent with the growth in direct and indirect labor costs. The increase in other general and administrative expenses was primarily due to increased professional service fees and computer-related expenses. The increase in depreciation and amortization was primarily related to higher amortization of intangible assets from recent acquisitions. The increase in stock-based compensation expenses was primarily related to new stock grants to current employees, executives, and Board of directors at a higher stock price.

Income (loss) from operations. Operating income increased 83.3% to $11.8 million for the three months ended July 4, 2025, compared to an operating income of $6.4 million for the three months ended June 28, 2024, as a result of the factors noted above.

Total other expense, net. Total other expense, net, increased $0.5 million, or 44.2%, for the three months ended July 4, 2025, compared to the three months ended June 28, 2024, primarily due to a one-time charge for unamortized debt issuance costs related to our prior credit facilities, partially offset by the lower interest expense resulting from the reduced interest rate spread derived from lower debt leverage levels under our credit facilities.

Income tax expense (benefit). We recorded an income tax benefit of $5.3 million for the three months ended July 4, 2025, an effective tax benefit rate of 51.6% on income before income tax expense, compared to an income tax expense of $0.7 million for the three months ended June 28, 2024, an effective tax expense rate of 13.5% on income before tax expense. The reduction in the effective tax rate resulted from increases in discrete items related to stock compensation deductions and additional energy-efficiency building deductions.

Net income (loss). Our net income was $15.4 million for the three months ended July 4, 2025, as compared to a net income of $4.6 million for the three months ended June 28, 2024. The increase in net income was primarily attributable to the increase in income from operations combined with the tax benefit.

Six Months Ended July 4, 2025 Compared to Six Months Ended June 28, 2024

Contract revenue. Consolidated contract revenue increased $62.4 million, or 23.7%, in the six months ended July 4, 2025, compared to the six months ended June 28, 2024, reflecting increased demand for our services in both our Energy segment and our Engineering and Consulting segment.

Contract revenue in our Energy segment increased $54.4 million, or 24.9%, in the six months ended July 4, 2025, compared to the six months ended June 28, 2024, primarily as a result of increased demand for energy efficiency and electrification services under utility programs, higher construction management revenues, higher planning and advisory consulting revenues, and the incremental revenues from our acquisitions of Enica and APG.

Contract revenue in our Engineering and Consulting segment increased $8.0 million, or 17.8%, in the six months ended July 4, 2025, compared to the six months ended June 28, 2024, primarily due to increased demand for services provided to our clients, combined with the incremental revenues from our acquisition of Alpha.

Direct costs of contract revenue. Direct costs of consolidated contract revenue increased $32.6 million, or 19.5%, for the six months ended July 4, 2025, compared to the six months ended June 28, 2024, primarily as a result of the increase and change of mix in contract revenues as described above. As a percentage of contract revenue, subcontractor services and other direct costs decreased to 44.7% in the six months ended July 4, 2025 from 46.3% in the six months ended June 28, 2024, while direct salaries and wages decreased to 16.7% in the six months ended July 4, 2025 from 17.1% in the six months ended June 28, 2024.

Direct costs of contract revenue in our Energy segment increased $29.2 million, or 19.9%, for the six months ended July 4, 2025, compared to the six months ended June 28, 2024. Direct costs of contract revenue for the Engineering and Consulting segment increased $3.4 million, or 16.5%, in the six months ended July 4, 2025, compared to the six months ended June 28, 2024.

Subcontractor services and other direct costs increased by $23.4 million, or 19.2%, in the six months ended July 4, 2025, compared to the six months ended June 28, 2024, primarily due to the increase in utility program revenues and construction management revenues, which utilize a higher percentage of material cost and installation subcontracting. Salaries and wages increased by $9.2 million, or 20.3%, in the six months ended July 4, 2025, compared to the six months ended June 28, 2024, primarily as a result of the increases in contract revenue as described above.

Gross Profit. Gross profit increased 30.9% to $126.0 million, or 38.7% gross margin, for the six months ended July 4, 2025, compared to gross profit of $96.2 million, or 36.5% gross margin, for the six months ended June 28, 2024. The increase in our gross margin was primarily driven by changes in the mix of revenues as described above.

General and administrative expenses. General and administrative (“G&A”) expenses increased $22.7 million, or 26.9%, to $107.1 million in the six months ended July 4, 2025, compared to $84.4 million for the six months ended June 28, 2024. G&A expenses consisted of an increase of $16.5 million, or 26.3%, in the Energy segment combined with an increase of $2.0 million, or 10.5%, in the Engineering and Consulting segment, and an increase of $4.2 million, or 146.9%, in unallocated corporate expenses.

The overall increase in G&A expenses consisted of an increase of $11.1 million in salaries and wages, payroll taxes and employee benefits, an increase of $6.5 million in other general and administrative expenses, an increase of $2.7 million in depreciation and amortization, and an increase of $2.3 million in stock-based compensation. The increase in salaries and wages, payroll taxes and employee benefits was primarily due to increased staffing from acquisitions, an increase in incentive compensation to support revenue growth, consistent with the improvement in operating profit, and higher fringe benefit costs consistent with the growth in direct and indirect labor costs. The increase in other general and administrative expenses was primarily due to increased professional service fees and computer-related expenses. The increase in depreciation and amortization was primarily related to higher amortization of intangible assets from recent acquisitions. The increase in stock-based compensation expenses was primarily related to new stock grants to current employees, executives and Board of directors at a higher stock price.

Income (loss) from operations. Operating income increased 59.6% to $18.9 million for the six months ended July 4, 2025, compared to an operating income of $11.8 million for the six months ended June 28, 2024, as a result of the factors noted above.

Total other expense, net. Total other expense, net, increased $0.9 million, or 35.5%, for the six months ended July 4, 2025, compared to the six months ended June 28, 2024, primarily due to a one-time charge for unamortized debt issuance costs related to our prior credit facilities combined with a one-time charge related to a facility lease modification, partially offset by lower interest expense resulting from the reduced interest rate spread derived from lower debt leverage levels under our credit facilities.

Income tax expense (benefit). We recorded an income tax benefit of $4.7 million for the six months ended July 4, 2025, an effective tax benefit rate of 30.9% on income before income tax expense, compared to an income tax expense of $1.7 million for the six months ended June 28, 2024, an effective tax rate of 18.5% on income before tax expense. The reduction in the effective tax rate resulted from increases in discrete items related to stock compensation deductions and additional energy-efficiency building deductions.

Net income (loss). Our net income was $20.1 million for the six months ended July 4, 2025, as compared to a net income of $7.5 million for the six months ended June 28, 2024. The increase in net income was primarily attributable to the increase in income from operations combined with the tax benefit.

Liquidity and Capital Resources

	Six Months Ended	
	July 4, 2025	**June 28, 2024**
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 28,724	$ 27,838
Investing activities	(39,629)	(4,102)
Financing activities	(30,905)	(2,866)
Net increase (decrease) in cash and cash equivalents	$ (41,810)	$ 20,870

Sources of Cash

Our primary sources of liquidity for the next 12 months and beyond are cash generated from operations, cash and cash equivalents, and available borrowings under our Revolving Credit Facility and Delayed Draw Term Loan under the Credit Agreement (the “Revolving Credit Facility”). We believe these sources will be sufficient to finance our operating activities for at least the next 12 months.

As of July 4, 2025, we had a fully drawn $50.0 million term loan with $50.0 million outstanding, a $100.0 million Revolving Credit Facility with $10.0 million outstanding and $1.6 million in letters of credit issued, and a $50.0 million Delayed Draw Term Loan with no borrowed amounts, each scheduled to mature on May 5, 2030. In addition, as of July 4, 2025, we had $32.3 million of unrestricted cash and cash equivalents. As of July 4, 2025, unhedged borrowings under our Credit Facilities, exclusive of the effects of upfront fees, undrawn fees and issuance cost amortization, bore interest at an annual rate of 6.2%. Subsequent to July 4, 2025, we repaid $10.0 million of borrowings under our Revolving Credit Facility, reducing the outstanding balance to zero, and thereby increasing available borrowing capacity under the Revolving Credit Facility to its full $100.0 million. See Part I, Item 1, Note 6, “Debt Obligations”, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding our indebtedness, including information about Amended and Restated Credit Agreement (the “Amended and Restated Credit Agreement”) and repayments, principal repayment terms, interest rates, covenants, and other key terms of our outstanding indebtedness.

Cash Flows from Operating Activities

Cash flows provided by operating activities were $28.7 million for the six months ended July 4, 2025, as compared to cash flows provided by operating activities of $27.8 million for the six months ended June 28, 2024. Cash flows from operating activities primarily consists of net income, adjusted for non-cash charges, such as depreciation and amortization and stock-based compensation, plus or minus changes in current operating assets and liabilities. Cash flows provided by operating activities for the six months ended July 4, 2025, resulted primarily from the increase in earnings combined with lower working capital requirements. Cash flows provided by operating activities for the six months ended June 28, 2024, resulted primarily from the increase in earnings and lower working capital requirements.

Cash Flows from Investing Activities

Cash flows used in investing activities were $39.6 million for the six months ended July 4, 2025, as compared to cash flows used in investing activities of $4.1 million for the six months ended June 28, 2024. Cash flows used in investing activities for the six months ended July 4, 2025 were primarily due to cash paid for acquisitions, combined with cash paid for the development of proprietary software and the purchase of computers and equipment. Cash flows used in investing activities for the six months ended June 28, 2024 were primarily due to cash paid for the development of proprietary software and the purchase of computers and equipment.

Cash Flows from Financing Activities

Cash flows used in financing activities were $30.9 million for the six months ended July 4, 2025, as compared to cash flows used in financing activities of $2.9 million for the six months ended June 28, 2024.

For the six months ended July 4, 2025, cash flows used in financing activities were primarily attributable to the $28.4 million cash used to pay down our Revolving Credit Facility, $3.1 million cash used to pay withholding taxes on stock grants, combined with repayments and borrowings of $90.0 million and $88.4 million, respectively, related to our Amended and Restated Credit Agreement. Cash flows used in financing activities were partially offset by $1.9 million in proceeds from stock option exercise, and $1.5 million of proceeds from sales of common stock under the employee stock purchase plan. Cash flows used in financing activities for the six months ended June 28, 2024 were primarily attributable to the repayments of $3.8 million under our prior Term Loan, $0.8 million cash used to pay withholding taxes on stock grants, and $0.7 million principal payments on finance leases, partially offset by $1.4 million of proceeds from sales of common stock under employee stock purchase plan, and $1.1 million in proceeds from stock option exercises.

Under certain utility contracts, we periodically receive cash deposits to be held in trust for the payment of energy incentive rebates to be sent directly to the utility’s end-customer on behalf of the utility. We act solely as the utility’s agent to distribute these funds to the end-customer and, accordingly, we classify these contractually restricted funds as restricted cash. Because these funds are held in trust for pass through to the utility’s customers and have no impact on our working capital or operating cash flows, these cash receipts are presented in the condensed consolidated statement of cash flows as financing cash inflows, “Receipt of restricted cash”, with the subsequent payments classified as financing cash outflows, “Payment of restricted cash.”

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements or liabilities. In addition, our policy is not to enter into futures or forward contracts. Finally, we do not have any majority-owned subsidiaries or any interests in, or relationships with, any special-purpose entities that are not included in the consolidated financial statements. We have, however, an administrative services agreement with Genesys in which we provide Genesys with ongoing administrative, operational and other non-professional support services. We manage Genesys and have the power to direct the activities that most significantly impact Genesys’ performance, in addition to being obligated to absorb expected losses from Genesys. Accordingly, we are the primary beneficiary of Genesys and consolidate Genesys as a variable interest entity.

Short and Long-term Uses of Cash

General

Our principal uses of cash are to fund operating expenses, support working capital requirements, finance capital expenditures, and pay down outstanding debt. From time to time, we also use cash to help fund business acquisitions. Our cash and cash equivalents are impacted by the timing of when we invoice and are paid by our customers for services rendered and when we pay expenses as reflected in the change in our outstanding accounts payable and accrued expenses.

Contractual Obligations

The following table sets forth our known contractual obligations as of July 4, 2025:

Contractual Obligations	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
			(in thousands)		
Debt [(1)]	$ 59,679	$ 2,500	$ 9,485	$ 47,694	$ —
Interest payments on debt outstanding [(2)]	16,887	3,393	7,050	6,444	—
Operating leases	13,197	5,723	6,027	1,445	2
Finance leases	2,635	1,259	1,289	86	1
Total contractual cash obligations	$ 92,398	$ 12,875	$ 23,851	$ 55,669	$ 3

(1) Debt includes $49.7 million outstanding on our Term Loan A (“TLA”), net of issuance costs, $10.0 million outstanding on Revolving Credit Facility, and no borrowed amounts outstanding on our Delayed Draw Term Loan as of July 4, 2025. We have assumed no future borrowings or repayments after July 4, 2025 (other than at maturity) for purposes of this table. Our TLA and Revolving Credit Facility are scheduled to mature on May 5, 2030.

(2) Borrowings under our TLA and Revolving Credit Facility bear interest at a variable rate. Future interest payments on our Credit Facility are estimated using floating rates in effect as of July 4, 2025.

We have contingent obligations to make earnout payments in connection with our acquisitions of Enica and APG, subject to their future financial performance. We are obligated to pay up to $6.0 million in cash if Enica exceeds certain financial targets during the two years after the Enica closing date of October 23, 2024, and are obligated to pay up to $18.0 million in cash if APG exceeds certain financial targets during the three years after the APG closing date of March 3, 2025. As of July 4, 2025, we had contingent consideration payable of $17.5 million related to the acquisitions of Enica and APG. For fiscal year 2024, our statement of operations includes $1.4 million of interest accretion (excluding fair value adjustments) related to the contingent consideration.

Outstanding Indebtedness

See Part I, Item 1, Note 6, “*Debt Obligations*”, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, and Part II, Item 8, Note 5, “*Debt Obligations*”, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 27, 2024, for information regarding our indebtedness, including information about new borrowings and repayments, principal repayment terms, interest rates, covenants, and other key terms of our outstanding indebtedness. Subsequent to July 4, 2025, the Company repaid $10.0 million of borrowings under its Revolving Credit Facility, which increased the future borrowing capacity under the Revolving Credit Facility to its full $100.0 million and thus reflecting no borrowed amounts under the Revolving Credit Facility.

Interest Rate Swap

From time to time, we enter into interest rate swap agreements to moderate our exposure to fluctuations in interest rates underlying our variable rate debt. For more information, see Part I, Item 3, "*Quantitative and Qualitative Disclosures About Market Risk*", and Note 5, "*Derivative Financial Instruments*", to the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Impact of Inflation

Due to the average duration of our projects and our ability to negotiate prices as contracts end and new contracts begin, historically, our operations have not been materially impacted by inflation.

While not material to our results of operations and financial condition, we have experienced higher cost of materials and delays in our supply chain for equipment. The prices of finished products from manufacturers are subject to fluctuation and increases. It is difficult to accurately measure the impact of inflation, tariffs, price escalation, raw material costs, and other factors that impact the cost of finished goods due to the imprecise nature of the estimates required.

We are often able to mitigate the impact of future price increases by entering into fixed price purchase orders for materials and equipment, and subcontracts on our projects, as well as, when appropriate, including cost escalation factors into our proposals. Despite our best mitigation efforts, significant price increases in equipment and disruptions to our supply chain could materially impact our results of operations and financial condition. In addition, inflationary pressures, including expectations of future inflation, may impact the customers of our utility clients, which may lead to delayed or deferred decisions regarding expenditures to improve energy efficiency, and therefore potentially impact our future revenues.

Impact of Certain Federal Policies

Federal policies related to tariffs and renewable energy incentives have been subject to frequent and significant changes from executive orders issued by the new federal administration. While we have not experienced a material impact to our operating results or our outlook for future business, there can be no assurance that these measures will not impact our ability to procure cost-effective pricing of materials used in our projects at various building sites, or result in a reduction in demand for our services as a result of inflation, lead times, or other impacts that may derive from changes in the current administration's executive orders.

Components of Revenue and Expense

Contract Revenue

We generally provide our services under contracts, purchase orders or retainer letters. The agreements we enter into with our clients typically incorporate one of three principal types of pricing provisions: time-and-materials, unit-based, and fixed price. Revenue on our time-and-materials and unit-based contracts are recognized as the work is performed in accordance with specific terms of the contract. As of July 4, 2025, 19% of our contracts are time-and-materials contracts, 36% are unit-based contracts, and 45% are fixed price contracts, compared to 19% are time-and-materials contracts, 39% are unit-based contracts, and 42% are fixed price contracts, as of June 28, 2024.

Some of these contracts include maximum contract prices, but contract maximums are often adjusted to reflect the level of effort to achieve client objectives and thus the majority of these contracts are not expected to exceed the maximum. Contract revenue on our fixed price contracts is determined on the percentage of completion method based generally on the ratio of direct costs incurred to date to estimated total direct costs at completion. Many of our fixed price contracts involve a high degree of subcontracted fixed price effort and are relatively short in duration, thereby lowering the risks of not properly estimating the percent complete.

Adjustments to contract cost estimates are made in the periods in which the facts requiring such revisions become known. When the revised estimate indicates a loss, such loss is recognized in the current period in its entirety. Claims and change orders that have not been finalized are evaluated to determine whether or not a change has occurred in the enforceable rights and obligations of the original contract. If these non-finalized changes qualify as a contract modification, a determination is made whether to account for the change in contract value as a modification to the existing contract, or a separate contract and revenue under the claims or change orders is recognized accordingly. Costs related to un-priced change orders are expensed when incurred, and recognition of the related revenue is based on the assessment above of whether or not a contract modification has occurred. Estimated profit for un-priced change orders is recognized only if collection is probable.

Our contracts come up for renewal periodically and at the time of renewal may be subject to renegotiation, which could impact the profitability of that contract. In addition, during the term of a contract, public agencies may request additional or revised services which may impact the economics of the transaction. Most of our contracts permit our clients, with prior notice, to terminate the contracts at any time without cause. While we have a large volume of contracts, the renewal, termination or modification of a contract, in particular contracts with Consolidated Edison, the Dormitory Authority-State of New York, the New York City Housing Authority, and utility programs associated with Los Angeles Department of Water and Power and Southern California Edison, may have a material effect on our consolidated operations.

Some of our contracts include certain performance guarantees, such as a guaranteed energy saving quantity. Such guarantees are generally measured upon completion of a project. In the event that the measured performance level is less than the guaranteed level, any resulting financial penalty, including any additional work that may be required to fulfill the guarantee, is estimated and charged to direct expenses in the current period. We have not experienced any significant costs under such guarantees.

Direct Costs of Contract Revenue

Direct costs of contract revenue consist primarily of that portion of salaries and wages that have been incurred in connection with revenue producing projects. Direct costs of contract revenue also include material costs, subcontractor services, equipment and other expenses that are incurred in connection with revenue producing projects. Direct costs of contract revenue exclude that portion of salaries and wages related to marketing efforts, vacations, holidays and other time not spent directly generating revenue under existing contracts. Such costs are included in general and administrative expenses. Additionally, payroll taxes, bonuses and employee benefit costs for all of our personnel are included in general and administrative expenses since no allocation of these costs is made to direct costs of contract revenue.

Other companies may classify as direct costs of contract revenue some of the costs that we classify as general and administrative costs. We expense direct costs of contract revenue when incurred.

General and Administrative Expenses

G&A expenses include the costs of the marketing and support staff, other marketing expenses, management and administrative personnel costs, payroll taxes, bonuses and employee benefits for all of our employees and the portion of salaries and wages not allocated to direct costs of contract revenue for those employees who provide our services. G&A expenses also include facility costs, depreciation and amortization, professional services, legal and accounting fees and administrative operating costs. Within G&A expenses, “Other” includes expenses such as professional services, legal and accounting, computer costs, travel and entertainment, marketing costs and acquisition costs. We expense general and administrative costs when incurred.

Critical Accounting Policies

We have prepared the accompanying unaudited Condensed Consolidated Financial Statements in accordance with generally accepted accounting principles in the U.S. (“GAAP”). To prepare these financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses in the reporting period. Our actual results may differ from these estimates. We have adopted accounting policies and practices that are generally accepted in the industry in which we operate.

There have been no material changes in our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for our fiscal year ended December 27, 2024. Please refer to Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 27, 2024 for a discussion of our critical accounting policies and estimates.

Recent Accounting Standards

For a description of recently issued and adopted accounting pronouncements, including adoption dates and expected effects on our results of operations and financial condition, see Part I, Item 1, Note 2, "*Recent Accounting Pronouncements*", of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, exchange rates, commodity prices, equity prices and other market changes. Market risk is attributed to all market risk sensitive financial instruments, including long-term debt.

As of July 4, 2025, we had cash and cash equivalents of $32.3 million. This amount represents cash on hand in business checking accounts with our banks. We do not engage in trading activities and do not participate in foreign currency transactions.

We are subject to interest rate risk in connection with our Term Loan A (“TLA”) and borrowings, if any, under our Revolving Credit Facility, each of which bears interest at variable rates. As of July 4, 2025, the Company had a fully drawn $50.0 million TLA, a $100.0 million Revolving Credit Facility with $10.0 million outstanding, and $1.6 million in letters of credit issued, and a $50.0 million Delayed Draw Term Loan with no borrowed amounts. Each of our TLA, Revolving Credit Facility and Delayed Draw Term Loan mature on May 5, 2030 and are governed by our Credit Agreement.

Based upon the amount of our outstanding indebtedness as of July 4, 2025, a one percentage point increase in the effective interest rate would change our annual interest expense by approximately $0.6 million in fiscal year 2025.

Subsequent to July 4, 2025, we repaid $10.0 million of borrowings under our Revolving Credit Facility, which increased the future borrowing capacity under the Revolving Credit Facility to its full $100.0 million and thus reflecting no borrowed amounts under the Revolving Credit Facility.

ITEM 4. Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) and Rule 15-d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as controls and other procedures that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to our management, including our including our President and Chief Executive Officer, Michael A. Bieber, and our Chief Financial Officer and Executive Vice President, Creighton K. Early, as appropriate to allow timely decisions regarding required disclosure.

In connection with the preparation of this Quarterly Report, an evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of July 4, 2025. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective, at a reasonable assurance level, as of July 4, 2025.

On October 23, 2024, January 31, 2025, and March 3, 2025, we completed the acquisition of Enica, Alpha, and APG, respectively. Prior to the acquisition, Enica, Alpha, and APG were privately-held companies and were not subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC, or other corporate governance requirements applicable to public reporting companies. As part of our ongoing integration activities, we are continuing to incorporate our controls and procedures into Enica, Alpha, and APG, and, if needed, to augment our company-wide controls to reflect the risks that may be inherent in the acquisition of these privately-held companies.

Other than our integration of Enica, Alpha, and APG, there have been no changes in our internal control over financial reporting during the quarter ended July 4, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

We are subject to claims and lawsuits from time to time, including those alleging professional errors or omissions that arise in the ordinary course of business against firms that operate in the engineering and consulting professions. We carry professional liability insurance, subject to certain deductibles and policy limits, for such claims as they arise and may from time to time establish reserves for litigation that is considered probable of a loss.

In accordance with accounting standards regarding loss contingencies, we accrue an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated, and we disclose the amount accrued and an estimate of any reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for our financial statements not to be misleading. We do not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated, or when the liability is believed to be only reasonably possible or remote.

Because litigation outcomes are inherently unpredictable, our evaluation of legal proceedings often involves a series of complex assessments by management about future events and can rely heavily on estimates and assumptions. If the assessments indicate that loss contingencies that could be material to any one of our financial statements are not probable, but are reasonably possible, or are probable, but cannot be estimated, then we disclose the nature of the loss contingencies, together with an estimate of the possible loss or a statement that such loss is not reasonably estimable. While the consequences of certain unresolved proceedings are not presently determinable, and a reasonable estimate of the probable and reasonably possible loss or range of loss in excess of amounts accrued for such proceedings cannot be made, an adverse outcome from such proceedings could have a material adverse effect on our earnings in any given reporting period. However, in the opinion of our management, after consulting with legal counsel, and taking into account insurance coverage, the ultimate liability related to current outstanding claims and lawsuits is not expected to have a material adverse effect on our financial statements.

ITEM 1A. Risk Factors

There are no material changes to the risk factors set forth in Part I, Item 1A, *Risk Factors* in our Annual Report on Form 10-K for the year ended December 27, 2024.

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

During the fiscal quarter ended July 4, 2025, we made the following repurchases of shares of our common stock from employees to satisfy tax withholding obligations incurred in connection with the vesting of restricted stock:

	Total Number of Shares Purchased	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number (or Approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Programs**
April 5, 2025 – May 2, 2025	—	—	—	—
May 3, 2025 – May 30, 2025	—	—	—	—
May 31, 2025 – July 4, 2025	3,817	$56.39	—	—
TOTAL	**3,817**	**$56.39**	—	—

ITEM 3. Defaults upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

Rule 10b5-1

None.

ITEM 6. Exhibits

Exhibit Number	Exhibit Description
2.1‡	Stock Purchase Agreement, dated as of March 3, 2025, by and among Willdan Group, Inc., Willdan Energy Solutions, Inc. and each of the stockholders of APG. (incorporated by reference to Exhibit 2.1 to Willdan Group, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on May 9, 2025).
3.1	First Amended and Restated Certificate of Incorporation of Willdan Group, Inc. (incorporated by reference to Willdan Group, Inc.'s Registration Statement on Form S-1, filed with the SEC on August 9, 2006, as amended (File No. 333-136444)).
3.2	Second Amended and Restated Bylaws of Willdan Group, Inc. (incorporated by reference to Exhibit 3.1 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on July 12, 2023).
4.1	Specimen Stock Certificate for shares of the Registrant's Common Stock (incorporated by reference to Willdan Group, Inc.'s Registration Statement on Form S-1, filed with the SEC on August 9, 2006, as amended (File No. 333-136444)).
4.2	The Company agrees to furnish to the Securities and Exchange Commission upon request a copy of each instrument with respect to issues of long-term debt of Willdan Group, Inc. and its subsidiaries, the authorized principal amount of which does not exceed 10% of the consolidated assets of Willdan Group, Inc. and its subsidiaries.
10.1	Amended and Restated Credit Agreement, dated as of May 5, 2025, by and among Willdan Group, Inc., as Borrower, the Guarantors (as defined therein), the Lenders (as defined therein), BMO Bank N.A., as Joint Lead Arranger, Joint Book Runner and Administrative Agent, Bank of America, N.A. as Joint Book Runner and Syndication Agent and J.P. Morgan, N.A., as Joint Lead Arranger, Joint Book Runner and Syndication Agent. (incorporated by reference to Exhibit 10.1 to Willdan Group, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on May 9, 2025).
10.2†	Willdan Group, Inc. Amended and Restated 2008 Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on June 13, 2025).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
‡ Portions of the referenced exhibit have been omitted pursuant to Item 601(b) of Regulation S-K because it (i) is not material and (ii) is the type of information the Company customarily treats as private or confidential.
¥ All schedules and exhibits were omitted pursuant to Item 601(a)(5) of Regulation S-K.
† Indicates a management contract or compensating plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

WILLDAN GROUP, INC.

/s/ CREIGHTON K. EARLY

Creighton K. Early
Chief Financial Officer and Executive Vice President
(Principal Financial Officer, Principal Accounting Officer and duly authorized officer)
August 7, 2025

Exhibit 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael A. Bieber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willdan 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: August 7, 2025

By: /s/ MICHAEL A. BIEBER

Michael A. Bieber

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Creighton K. Early, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willdan 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: August 7, 2025

By: /s/ CREIGHTON K. EARLY
Creighton K. Early
Chief Financial Officer and Executive Vice President
(Principal Financial Officer)

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. 1350, as Adopted Pursuant to § 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Willdan Group, Inc. (the "Company") for the quarterly period ended July 4, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael A. Bieber, as President and Chief Executive Officer of the Company, and Creighton K. Early, as Chief Financial Officer and Executive Vice President of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ MICHAEL A. BIEBER
Michael A. Bieber
President and Chief Executive Officer
(Principal Executive Officer)
August 7, 2025

By: /s/ CREIGHTON K. EARLY
Creighton K. Early
Chief Financial Officer and Executive Vice President
(Principal Financial Officer)
August 7, 2025

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended. A signed original of this written statement required by § 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.