

**Willdan Group**  
**First Quarter FY 2026 Financial Results Conference Call**  
**May 7, 2026**

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**Willdan Group Presenters**

**Al Kaschalk, Vice President**

**Mike Bieber, President and CEO**

**Kim Early - Executive VP & CFO**

**Q&A Participants**

**Craig Irwin - Roth Capital Partners**

**Tim Moore - Clear Street**

**Operator**

Greetings and welcome to the Willdan Group First Quarter Fiscal Year 2026 Financial Results Conference Call. At this time, all participants are in a listen only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. Please note, this conference is being recorded. I would now like to turn the conference over to your host, Al Kaschalk, Vice President. Please go ahead, sir.

**Al Kaschalk, Vice President**

Thank you, Terry. Good afternoon, everyone, and welcome to Willdan Group's First Quarter 2026 Earnings Call. Joining our call today are Mike Bieber, President and Chief Executive Officer, and Kim Early, Executive Vice President and Chief Financial Officer. Our conference call remarks will include both GAAP and non-GAAP financial results. Reconciliations between GAAP and non-GAAP measures can be found in today's press release and in the presentation slides, all of which are available on our website. Please note that year-over-year commentary or variances on revenue, adjusted EBITDA, and adjusted EPS discussed during our prepared remarks are on an actual basis unless otherwise specified. We will make forward-looking statements about our performance. These statements are based on how we see things today. While we may elect to update these forward-looking statements at some point in the future, we do not undertake any obligation to do so. As described in our SEC filings, actual results may differ materially due to risks and uncertainties. With that, I'll hand the call over to Mike who will begin on slide two.

**Mike Bieber, President and CEO**

Thanks, Al, and good afternoon to everyone on the call. We had a strong start to 2026, continuing the momentum we've been building with solid execution and expanding margins across the business. In the first quarter, normalized for that extra week we had last year in Q1, contract revenue grew 10%, net revenue grew 17%, and adjusted EBITDA increased 35% year-over-year. Overall, the business is performing well, and we remain at the center of several long-term energy trends that are driving growth. With a solid Q1 behind us and good visibility on

what we believe will be a very strong performance over the next few quarters, we have improved visibility on 2026 compared to our last quarterly call. That is all before the announcement of our latest acquisition. On Monday of this week, we closed the acquisition of Burton Energy Group, which I'll discuss next.

On slide three. Burton Energy Group is a trusted adviser, serving mainly Fortune 500 customers throughout the United States. Willdan has been working with Burton for more than 10 years under our Con Edison program and elsewhere around the country. Burton brings a highly complementary set of capabilities including energy management, energy efficiency, and energy procurement services. They help manage the energy at more than 60,000 client sites. Burton expands our capabilities in energy cost management and procurement, deepens our relationships with large enterprise clients, and adds a high percentage of recurring revenue to our business, usually contracted under multiyear agreements. Burton generated approximately 103 million in contract revenue, 15 million in net revenue, and 7 million in EBITDA in 2025. The acquisition is expected to be accretive to our margin, earnings, and EPS this year '26. Burton opens an almost entirely new market to Willdan with Fortune 500 clients. We're excited to welcome the Burton team, and we're particularly optimistic about the cross-selling opportunities with this group since we've known them for so long.

On slide four. When I became CEO at the beginning of 2024, I talked about our strategy to significantly expand into the commercial sector. We described then that we believe diversification would add long-term stability and would provide Willdan with the opportunity to earn higher margins. These pie charts show that in 2024, commercial revenue was 7% of our business. Two years later, on a full year pro forma basis after Burton, commercial revenue is expected to be about 25% of revenue this year. The diversification has also contributed to our higher margins and to the reset of our long-term margin targets that Kim will present in a few slides. On slide five. This chart shows that Burton is headquartered outside Atlanta, Georgia and helps fill in Willdan's presence in the Southeastern and Midwestern states. With Burton, Willdan now has active projects in all 50 states. We now have permanent offices in 26 of the 50 states plus a presence in Puerto Rico and Canada.

Next on slide six. We've used this triangle diagram before to show that, in problem solving, upfront analysis of a client's problem leads to the engineering of a solution and then to the program management of the solution implementation. Burton's services fall into all three categories. Burton often starts with the study of a client's energy usage, energy costs, and carbon generation. That usually results in the design of a program that helps lower cost, improve resilience, and achieve a client's unique objectives. Burton will usually manage the teams of contractors that will address a client's energy usage to achieve that client's objectives. Each of these phases of work is usually conducted through multiyear contracts that lead to the long-term client engagements of more than 10 years. On slide seven. We've had another solid stretch of contract wins, and here are a few examples since our last earnings call. For Southern California Edison, SCE, we received a two-year extension and another \$100 million of funding for our commercial energy efficiency program. This expansion would extend the program

through the end of 2027. For the Dormitory Authority of the State of New York, DASNY, we won a \$54 million project to upgrade the central plant at a college in New York City. I'm very pleased that we were awarded the \$27 million three-year New York Accelerator program. This is a new contract, which has been held for many years by one of our strongest competitors. We started pursuing this contract several years ago and were able to win this key program, which helps the city of New York accelerate the decarbonization of buildings in the city, a very cool win. Next, we were awarded the Ciro One project in Puerto Rico, a \$24 million battery energy storage system. This project is one of several on the island designed to help improve power grid resiliency in Puerto Rico, a major issue there. And lastly, we were awarded two small contracts with National Grid for New York City and Long Island to implement small business energy efficiency programs. It was a good quarter for new wins, and our pipeline of opportunities continues to grow.

On slide eight. Each quarter, we try to take a step back and look at macro changes to electricity demand and its effect on the grid and Willdan's market. We've talked a lot about how AI is driving a long-term increase in electricity demand due to new data centers. Previously, we presented some of our work for the state of Virginia, the largest data center market in the world. Recently, we studied electricity demand increases across the Western U.S., so I'll present a few highlights from those studies. Work like this keeps Willdan at the very forefront of trends in the energy markets, helping us to navigate this period of rapid change. Slide eight shows a few examples of electricity demand across the Western U.S. On the left of the slide, in the Pacific Northwest, the scale of the new electricity generation is insufficient to meet forecasted demands by 2030. To the right, the Southwestern U.S. needs 25 gigawatts. California alone needs 20 gigawatts of additional generation capacity by 2030. The growth in electricity demand is largely driven by new data centers.

On slide nine, this slide from the same study shows that in the Northwestern U.S., when you take into account retiring electricity generation, the pace of new generation will increase by 4x to 5x the pace of historical generation development. The sum of integrated resource plans, IRPs, indicates that most of this electricity is forecasted to come from solar, wind, and battery storage given the supply chain constraints around gas turbines. This more complex future generation stack complements Willdan's capabilities. The sustained load growth and increased investment are driving long-term demand for grid infrastructure, engineering, and energy solutions, areas where Willdan is well positioned. As we've mentioned before, energy efficiency is one of the most quickly available, least cost electricity resources. We believe these trends will drive our business for years to come. Overall, we're pleased with our performance to start the year. Operational strength and the addition of Burton set Willdan up to have what we believe will be another very strong year. As Kim will detail, we are now anticipating that we will grow adjusted EBITDA by 26% to 32% year-over-year, an outstanding result. Kim, over to you.

**Kim Early - Executive VP & CFO**

Thanks, Mike, and good afternoon, everyone. We delivered a strong start to 2026, exceeding expectations with solid performance across our businesses and continued margin expansion.

Strong underlying demand for our services and greater productivity in our utility programs and performance engineering projects drove higher profitability in the quarter. Slide 11 shows the key metrics for the quarter. Contract revenue increased 2% year-over-year to \$155 million while net revenue grew 8% to \$92 million for the quarter, but as a reminder, the first quarter of 2025 included an additional week. Excluding this impact, contract revenue grew 10% year-over-year and net revenue 17%, reflecting the continuing health of the business. An improvement in gross margins was the key driver behind the 25% increase or 35% when 2025 is normalized in adjusted EBITDA over the prior year. The \$18.1 million in adjusted EBITDA was a first quarter record and represented 19.6% of net revenue. Expense control and a 2026 tax benefit versus the smaller tax expense in the prior year enabled adjusted earnings per share to increase 44% over last year's first quarter to \$0.91 per share compared to \$0.63 in 2025.

To provide a little more detail on the components of the earnings improvements, our gross margin expanded to 40.7%, up from 37.8% in the prior year, reflecting the expanding volume, improved productivity, and a favorable service mix as we continue to focus on quality and profitability. The improved margin performance was derived from productivity improvements in sales and reduced costs under our utility programs and further aided by margin improvements in our performance contracting projects including those from the acquisition of APG a year ago. G&A expenses increased 10% year-over-year or 19% when normalized for the additional week in 2025, primarily reflecting higher noncash charges for the amortization of intangibles derived from acquisitions of \$1 million as well as stock compensation increases reflecting the higher stock price compared to a year ago, up \$1.3 million.

Salary and benefit costs also increased consistent with the acquisitions and the growth of core revenues and earnings while interest expense was \$1 million lower than a year ago, reflecting the lower leverage from our strong cash flows. Thus, our pretax income grew by 40% to \$7.3 million for the 13-week first quarter of '26 compared to \$5.2 million in the 14-week period a year ago. We recognized a \$1.3 million tax benefit in the quarter compared to a \$500,000 tax expense in 2025. The tax benefit was driven by Section 179D energy efficiency deductions and discrete items related to stock-based compensation. So, on the bottom line, net income increased 82% to \$8.5 million, 96% when normalized or \$0.55 per diluted share on a GAAP basis compared to 4.7 million or \$0.32 per diluted share in the prior year. And again, adjusted earnings per share increased 44% to \$0.91 per share this quarter compared to \$0.63 a year ago. Earnings were very good with solid growth and improving margins in what historically has been our weakest quarter of the year.

Turning to cash flow and the balance sheet on slide 12. Cash flow used in operating activities was \$24 million in the quarter compared to a positive \$3 million in the prior year. On a trailing 12-month basis, cash flow from operations was a positive \$52 million, which would have been \$18 million higher should one client have paid us two weeks earlier. From a free cash flow perspective, we used approximately \$1.71 per share in the quarter but generated \$2.81 per share on a trailing 12-month basis. We continue to expect strong cash flows from operations aided by the carryforward of \$28 million in deferred tax assets on our balance sheet generated

by the 179D deductions and other incentives to offset future tax liabilities well into 2027 and beyond.

On a long-term basis, we would expect free cash flow to exceed 70% of our adjusted EBITDA on an annual basis. We ended the quarter with \$28 million of unrestricted cash to net against the \$48 million outstanding under our term loan, resulting in a 0.2x leverage ratio of net debt to adjusted EBITDA over the trailing 12 months. There were no borrowings outstanding on our \$100 million revolving credit facility at the end of the quarter, but subsequent to year-end or quarter end, we drew \$30 million on the revolver to fund a portion of the Burton acquisition, which would increase the leverage ratio to 0.6x. Given our expected earnings for the remainder of the year, we would expect the revolver to be fully repaid by year-end and continue to provide us low leverage and high liquidity with significant expansion capacity under the \$100 million revolver and the \$50 million delayed draw term loan facility to support continued organic growth and strategic acquisitions.

Turning to slide 13. Last year, we exceeded our long-held goal of delivering adjusted EBITDA in excess of 20% of net revenue. Based on our recent performance and the underlying drivers in the business including improved productivity, favorable revenue mix, and additional operating leverage, we are now raising our long-term margin goal to expect the adjusted EBITDA to net revenues margin to be in the high 20s. We'll continue to focus on the volume, productivity, and cost control efforts required to achieve that goal as we continue to grow the business. Now to slide 14. Based on our strong start of the year, we're raising our full year 2026 financial targets. I'll note that the increase in guidance is roughly double the Q1 beat plus the expected contribution of Burton, reflecting the strength of our core business. We now expect net revenues to be in the range of \$410 million to \$425 million, adjusted EBITDA in the range of 100 million to 105 million, and adjusted diluted earnings per share between \$4.90 and \$5.05. This outlook assumes approximately 15.9 million diluted shares outstanding at year-end and a 0% effective tax rate for the year, reflecting the higher expected pretax income and reduced estimates of discrete tax benefits derived from stock compensation. And on slide 15. It was a strong start to FY '26, fueling our optimism for continued growth and expanding margins. The acquisition of Burton a few days ago further fuels that optimism, expanding our addressable markets and creating numerous opportunities for collaboration and cross-selling. We continue to enjoy low leverage and high liquidity even after this investment, and we are raising our guidance and increasing our goal for adjusted EBITDA margins. It was a good quarter. Operator, we're now ready to take questions.

### **Operator**

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. And our first question will come from Craig Irwin with ROTH Capital Partners.

**Craig Irwin - Roth Capital Partners**

Hi. Good evening. Thanks for taking my questions and congratulations on a strong quarter here. Mike, I wanted to start off the top by asking if you could help us with maybe a little bit more color on why your fundamental profitability levels are going up, right? You're raising your base EBITDA guidance targets and raising your guidance for this year on that, as well. Clearly, there's things that are working for you. I know you've had a number of initiatives internally at the company to improve profitability. We're also seeing an environment where reserve margins are likely to fall. So, your customers will look pretty desperate to stop brownouts and other problems that you prevent with your services. How would you help us understand what the opportunity is? And is this really just a first step? Is there potential room in the future for this number to keep moving higher?

**Mike Bieber, President and CEO**

Yeah, Craig. If you look back five years ago, we wouldn't have thought this possible. But we're performing very well, and we've got a lot of confidence that we'll be able to get this into the high 20s. If you just model out our guidance for this year, we'll be potentially north of 24% already this year. So, there's really four things that are driving it. Number one is growth and back office cost absorption. We've been able to control costs as we grow the business, especially on the back office at a fraction of the rate of the growth rate of the company. So, that's number one. We need to keep growing. Number two, you're right. Energy demand plays a part in this. The price of energy is going up. Resources are becoming more constrained, so the value of our services are going up to those customers who need us. The third is probably that we've moved up the value chain. We've got a much more differentiated set of services that we provide compared to five years ago, and that continues to go in the right direction. North. The last thing is probably the percentage of commercial work. The state and local tends to be the lowest margin opportunity, and when that was almost 50% of the business several years ago, there just wasn't that kind of opportunity to grow north of 20%, and now there is. With I'll call it a balanced portfolio of the three customer groups and commercial being 25% now, we have the opportunity to drive margins. Those customers tend to want the solution immediately like yesterday, but they are willing to pay for that unlike government customers that take a little more modest approach to schedules. So, those are the four things driving it, and we think this reset of expectations for margins is very achievable. We're going to make good progress on that this year.

**Craig Irwin - Roth Capital Partners**

Fantastic. So, I wanted to ask about APG and the setup that you have providing services building power blocks primarily for data centers. This business, you've talked about it growing extremely quickly, potentially doubling this year. Is there any update or any color you can give us on specific wins in there, new customers, diversification? What should we look for over the next couple of quarters as you scale that business?

**Mike Bieber, President and CEO**

APG has been a good acquisition. They are doing outstanding. They're going to more than double -- they might even approach tripling this year. They're just performing outstanding. And it's already work we've won and are executing, and we're really looking towards the pipeline of '27 and '28 right now. The biggest thing driving that is a few big power blocks for large data centers. Those tend to be confidential projects, so that's why you haven't seen them announced. But the biggest project that APG has going and what's going to drive the next couple of quarters for them and really most of the year is a very large data center located in the Southwestern United States where we're providing the substation essentially, the interconnect and all of the power blocks. So, there are several more projects in the pipeline that look just like that. They've also diversified. They were the ones that won the battery storage project down in Puerto Rico. So, they do that type of work. That's good, as well. It's been very good. Mount SAC was a great collaboration. We announced that project. That was with the rest of Willdan. It's been one of the most synergistic acquisitions that we've made because of their level of collaboration with the rest of the company.

**Craig Irwin - Roth Capital Partners**

Excellent. Last question if I may. Amber and her team at E3 have incredible visibility on demand, demand for services like Willdan's and the overall outlook for CapEx for utilities and commercial infrastructure for power. It's interesting that you guys are buying Burton that you've tucked them into the team, and obviously, this is something similar in character to the core of your business. Do you see the Northwest as maybe a new frontier for Willdan, something that could potentially be as interesting or as substantial as your work on the West Coast and the East Coast where you generate quite a large portion of your revenue?

**Mike Bieber, President and CEO**

I don't -- I wouldn't really focus on the Northwest so much as that happened to be a study of all of the Western states, the Northwest being a particular focus area. It also covered California. It was a regional study that we did. So, we just pointed that out as new data that all points to what we're seeing across the country, which is that the demand for electricity is increasing. In some cases, we're not keeping up with that demand, so CapEx is going to have to go up substantially. How do you do that in an equitable way without raising rates? Rates are going up across the country. And so, it's a complex equation that's happening all across the United States. I wouldn't single out the Northwest more than in other places, though.

**Craig Irwin - Roth Capital Partners**

Well, that's good to hear it's broad-based. Thanks for taking my questions. Congrats on another solid quarter. I'll hop back in the queue.

**Operator**

And again, that is star one if you'd like to ask a question. We'll go next to Tim Moore with Clear Street.

**Tim Moore - Clear Street**

Thanks, and very impressive EBITDA growth and margin in the seasonally low quarter despite one less week last year. And despite probably not benefiting from the Los Angeles Water and Power award yet, I enjoyed your [inaudible] of conservative guidance in late February. Can you just update us maybe on the timing or visibility for maybe when the Los Angeles Water and Power contract might kick in? I mean, that's quite a large contract. I don't know maybe 16 million of gross revenue a quarter run rate. Any visibility on when that might start? And is that part of your recent guidance upgrade?

**Mike Bieber, President and CEO**

It didn't really drive the guidance upgrade that much. We had a very small contribution in Q1, but we did have revenue for the first time in a while. That's going to increase pretty substantially in Q2, but it's still a small number. We have bigger expectations for the back half of this year. I would characterize it as sort of the first inning of a ball game. We're ramping up the program. Every week is better than the previous. In addition to all that ramp-up, though, there are some future opportunities we hope to share with the group that may drive that contract even larger. We haven't nailed that down yet, but the customer is discussing those with us. So, the ball is rolling. It's not driving current results, nor did it really drive the upgrade of our forecast, but we think there may be more to come there.

**Tim Moore - Clear Street**

That's very helpful color. To have that in your back pocket and it seems like it will be more of a contributor for next calendar year as it ramps up and maybe play some catch-up on that five-year contract. Just switching gears. If you can maybe just share a little color on how many months did you evaluate or negotiate maybe the Burton Energy Group? And maybe if you can just provide a little color on your acquisition funnel. I mean, you have so much liquidity and barely any net debt. It seems like you could absorb a few more acquisitions over the coming quarters. Just any thoughts on that? I know you're still really focusing a bit more on the commercial side for targets.

**Mike Bieber, President and CEO**

Well, Burton was extremely deliberate in their discussions with us. It took a long time. We were in detailed discussions with them for, I'm thinking, I don't know, seven or eight months. Something like that. Took a long time and we got to the right spot. So, we're very pleased with the Burton deal. We had known that company for more than 10 years, and when they decided that they wanted to make a move and potentially sell the company, they called us in fact even though we had known them. So, we very much appreciate them for doing that. We've respected Burton for a long time, and sometimes what happens with our teaming partners and people we're working with out in the industry. They know what we're after, and when the time is right, sometimes we get that call, and they come to us. That's what happened with Burton. And it's characteristic of something we're also seeing in our pipeline. We're one of the few strategic buyers out there in this marketplace. We're competing with a lot of private equity that often will pay more. And some of these groups that we're working with won't sell to private

equity at any price. They want to go with a strategic partner like Willdan, and so that makes us a buyer of choice.

And if you look at our pipeline right now of what we're evaluating for the back half of the year and into next year, that's the case. I'd point to the same focus areas that we've had. Electrical engineering is hard to find. It's also very expensive. It's being bid up. But boy, we'd sure like to have it. And the success we've had in electrical engineering with APG demonstrates that we're willing to move into that space. Commercial -- more commercial would be helpful. We're looking at that in our core services, but we're getting to a point where that's more balanced with the other areas. And the front end of our business is still undersized. We would love to have more science and front-end evaluation work, more data analytics, more software, very differentiated solutions. We're looking there, as well. So, those are still three of the focus areas.

**Tim Moore - Clear Street**

That's great, Mike. And I think you kind of beat me a little bit to my next question. I'm just trying to think about what you would maybe -- you and Kim think about maybe as a limiter to organic growth. I mean, you mentioned all the states you're in. I mean, you're definitely largely in California and New York, and you got some Florida and Texas and some other good scale. I mean, there's just high demand for what you offer, and you're really the go-to consultants and experts on this especially with E3 and everything else you have. Is there any kind of limitation now on really accepting more large contracts that would start in the next 12 months?

**Mike Bieber, President and CEO**

We always hate to say that labor is going to limit our ability to grow organically, and I don't think it is in a big area. There are some niches where we're hiring. We're looking for people. Just go to our website. That area around APG, our electrical engineering and construction management that's very specialized there, needs to significantly increase its workforce. But I wouldn't say it's a constraint point at this point. Would you?

**Kim Early - Executive VP & CFO**

No, I don't see that as a constraint. And the pipeline of opportunities that our various business units are pursuing is pretty robust. So, I don't see a cap on what that potential might be. But when you're dealing with large programs and large projects, timing is everything and exactly predicting how that -- when that might occur is more difficult. But we don't have a limitation on resources or even supply chain at this point that really is going to limit that potential.

**Tim Moore - Clear Street**

[Inaudible] Thanks. That's really good granularity, and that's it for my questions. Congratulations on all the terrific progress.

**Mike Bieber, President and CEO**

Thank you.

**Operator**

And this now concludes our question-and-answer session. I would like to turn the floor back over to Mike Bieber for closing comments.

**Mike Bieber, President and CEO**

Great. Well, thank you for your interest in Willdan, and we look forward to speaking with you next quarter.

**Operator**

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines and have a wonderful day.