

ANNUAL REPORT AND FORM 10-K

FOR THE YEAR ENDED JANUARY 2, 2026



April 24, 2026

To Our Shareholders:

Willdan delivered another year of record financial performance in 2025, reflecting continued execution of our long-term strategy and our position in a rapidly evolving energy and infrastructure market. Organic net revenue grew 17%, and we delivered strong growth across key metrics, expanded EBITDA margin, and generated robust cash flow while maintaining a net cash position on our balance sheet. These results were driven by broad-based performance across our service lines and customer base. This performance demonstrates our ability to deliver technical solutions that create value for our clients as they navigate increasingly complex energy and infrastructure challenges.

Strategic growth initiatives also progressed through disciplined acquisitions. Since late 2024, four acquisitions have expanded both capabilities and geographic reach. The largest of these was Alternative Power Generation in March 2025, strengthening our position in electrical engineering and data center infrastructure, including substation development and grid interconnection. Additional acquisitions within our Engineering and Consulting segment extended our geographic footprint and broadened our service offerings. Together, these investments enhance our ability to support clients across the full lifecycle of energy infrastructure projects.

The market environment continues to evolve in ways that align with our strengths. After more than a decade of relatively flat demand, electricity load growth has returned in the United States, driven by artificial intelligence, data centers, electrification, and domestic manufacturing. These trends are increasing grid complexity and elevating the importance of reliability and affordability. Willdan is positioned as a trusted advisor, helping utilities, communities, and industry plan, design, and deliver solutions to meet these challenges.

Disciplined capital allocation remains a priority, with reinvestment focused on organic growth and targeted acquisitions that position the business in high-growth markets. This approach is designed to generate the best long-term outcomes for our shareholders.

Looking ahead, the next phase of growth is centered on scaling the business while continuing to build the capabilities required to support larger, more complex energy infrastructure projects. A clear path exists to grow into a multi-billion-dollar revenue company, supported by sustained demand for electrical infrastructure and an expanding role with commercial clients. Executing at scale will require continued discipline. That same

focus on consistent client execution and thoughtful investment will guide our next stage. Willdan's opportunity has never been greater.

We are building Willdan to compete—and win—at a much larger scale.

To our employees—thank you for your technical expertise, dedication, and the work you do every day to deliver for our clients.

To our clients and partners—thank you for your continued trust.

And to our shareholders—thank you for your confidence and support.

Sincerely,

A handwritten signature in cursive script that reads "Michael A. Bieber".

Mike Bieber
President and Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the Fiscal Year Ended January 2, 2026.

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

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

2401 East Katella Avenue, Suite 300, Anaheim, California 92806

(Address of principal executive offices) (Zip Code)

(800) 424-9144

(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as reported on the Nasdaq Global Market, as of the last business day of the registrant's most recently completed second fiscal quarter was \$1.0 billion.

On February 25, 2026, there were 14,796,110 shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Designated portions of the Proxy Statement relating to registrant's 2026 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of fiscal year 2025, are incorporated by reference into Part III of this Report.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K (this “10-K”) 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-K 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;
- our reliance on work from our top ten clients;
- 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 realize the full amount of our backlog;
- 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 under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Annual Report on Form 10-K, 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 and 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K 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

ITEM 1. BUSINESS

Overview

Willdan Group, Inc. (“Willdan”) is 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 needs. Through engineering, program management, policy advisory, and software and data analytics, we plan, design and deliver comprehensive, innovative, cost-effective and proven solutions to improve efficiency, resiliency, and sustainability in energy and infrastructure to our clients.

The company was founded in 1964 to serve public agencies in communities with populations ranging from 10,000 to 300,000 people. Willdan, a Delaware corporation, was formed in 2006 to serve as our holding company for the expanding subsidiary operations. We commenced providing energy efficiency services in 2008 and since then, through organic growth and acquisitions, our client base has grown to include investor-owned and other public utilities, as well as substantial energy users in government and business.

Our overall growth strategy revolves around a combination of strong organic expansion and strategic acquisitions which provides us the ability to expand the breadth and depth of the services we provide to new and existing clients. We believe that we are well positioned to capitalize on the ongoing expansion and transformation of the energy and infrastructure environments as they adapt to climate change and other environmental challenges, electrification, and technology advancements, including the growing demand in load growth being fueled by artificial intelligence (“AI”) data centers, electric vehicles and other political and technological changes.

We operate our business through a nationwide network of offices spread across 22 states, the District of Columbia, the Canadian province of Alberta, and the Commonwealth of Puerto Rico. We serve a majority of the largest investor-owned electric utilities and over half of the largest municipal utilities in the United States (“U.S.”). Our business with public and private utilities has concentrations in California and New York, but includes numerous other utilities in the Midwest, Northeast, Southeast and Mountain states. Additional acquisitions may continue to expand our geographic footprint. Our business with public agencies is concentrated in California, New York, and Nevada with ongoing expansion into Texas, Florida, Kentucky, and South Carolina. We also serve special districts, school districts, and a large range of public agencies and private industry throughout the U.S.

Our broad portfolio of services operates within two financial reporting segments: (i) Energy and (ii) 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 Markets

We operate in the energy services market and the engineering and consulting market. We provide a wide variety of services related to energy planning and analysis, energy efficiency and sustainability, engineering, construction management, and economic and financial consulting services primarily to public agencies, utilities, and commercial/industrial firms.

We believe the energy services market will continue to expand in response to the increasing awareness of sustainability issues, including global warming and climate change, and the advent of new technologies in renewable energy generation and the electrification of the nation’s economy through technology advances and changing consumption patterns. In addition, the rapid growth in AI is creating increased power demand from data centers and thus becoming a key driver in expanding the energy services market. Private industry and public agencies increasingly seek out cost-effective, turnkey solutions that provide innovative plans, tools, and solutions to address energy efficiency, renewable energy, water conservation and sustainability. State and local governments frequently turn to specialized resource conservation firms to help strike the balance between environmental responsibility and economic competitiveness. The use of energy services, including audits, program design, benchmark analyses, metering and

incentivized sale and installation of energy efficiency measures provides public agencies, utilities, and commercial/industrial firms with the ability to realize long-term energy savings and greenhouse gas reductions.

The engineering and consulting market has grown as public agencies and utilities, as well as private utilities and commercial/industrial firms, find it more efficient to outsource design, construction oversight, advisory, and training services to contract providers, rather than maintain the necessary staff and resources to provide such services themselves. For example, we serve as municipal engineers and building and safety departments for local governments. We also design and provide construction oversight of various infrastructure projects for state and local governments to address environmental goals and mandates, population shifts, changes in local and state funding and aging infrastructure. We also provide consulting services to public agencies as they raise the necessary funds to develop such infrastructure projects and provide other services. Relatedly, we provide local government staffing, traffic and transportation engineering, studies, plan reviews, grant support, and inspections.

We are a professional services firm focused on transformational growth and value creation for our clients, employees and shareholders. We seek to establish long-term close working relationships with our clients and expand the breadth and depth of the services we provide to them over time. We believe the market for these services is, and will be, driven by a number of factors, including:

- Demand for services and solutions that provide energy efficiency, greenhouse gas reduction, sustainability, electrification, water conservation, infrastructure development and renewable energy in the public and private sectors;
- Changes in technology, such as AI and related data centers, battery storage and electric vehicles that affect the generation, distribution and consumption of energy;
- Ongoing efforts to upgrade aging energy infrastructure to meet power, transmission, and environmental goals and requirements;
- The increasing challenge to balance energy demand from electrification and trends toward electric vehicles with the changing sources of energy from wind, solar, and distributed energy resources;
- The need for small and medium sized communities to obtain highly specialized services without incurring the costs of hiring permanent staffing and the associated support structure;
- Financial assistance from utilities, government-funded programs and state legislation for local communities to provide services to constituents; and
- Changes in government policy.

Our Services

We offer services in two financial reporting segments: (i) Energy and (ii) Engineering and Consulting. Management established these segments based upon the services provided, the different marketing strategies associated with these services, and the specialized needs of their respective clients.

The following table presents the approximate percentage of our consolidated contract revenue attributable to each financial reporting segment.

	Fiscal Year		
	2025	2024	2023
Energy	85 %	84 %	84 %
Engineering and Consulting	15 %	16 %	16 %

During fiscal year 2025, we derived 27.4% of our Energy segment contract revenues from two customers, Clark County School District and Southern California Edison. During fiscal year 2025, we had no individual customers that accounted for more than 10% of our Engineering and Consulting segment contract revenues.

For further information related to our financial reporting segments, see Part II, Item 8, Note 9, “*Segment and Geographical Information*”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Energy Services

Our Energy segment provides specialized, innovative, and comprehensive energy solutions to businesses, utilities, state agencies, municipalities, and non-profit organizations. 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 services include comprehensive audit and surveys, program design, master planning, demand reduction, grid optimization, benchmarking analyses, design engineering, AI data center power solutions, construction management, performance contracting, installation, alternative financing, measurement and verification services, and advances in software and data analytics for long term planning.

Our energy services include the following:

Energy Efficiency. We provide complete energy efficiency consulting and engineering services, including program design, management and administration; marketing, customer outreach and project origination; energy audits and feasibility analyses; implementation; training; management; retro-commissioning; data management and reporting; measurement and verification services; and construction management.

Program Design and Implementation. We assist utilities and governmental clients with the design, development and implementation of energy efficiency plans and programs. These plans include the design, outreach, and implementation of strategies to reduce peak energy demand and greenhouse gas emissions through energy efficiency, water conservation, and renewable energy planning.

Direct Customer Support. We assist clients (including hospitals, hotels, government offices, schools, and private industry) in developing and managing facilities and related infrastructures through a holistic, practical approach to facility management. Our services cover audits, local compliance, operations and maintenance review, renewable energy planning, master plan development, infrastructure analyses, Leadership in Energy and Environmental Design (“LEED”) certification for buildings, and strategies for energy spend and greenhouse gas reduction.

Turnkey Facility and Infrastructure Projects. We provide turnkey/design-build facility and infrastructure improvement projects to a wide array of private and public clients including municipalities, county governments, public and private K-12 schools, and higher education institutions. Our services cover preliminary planning, project design, construction management, commissioning, post-project support and measurement and verification.

Engineering and Consulting Services

Willdan provides public agencies with a comprehensive suite of engineering, building and safety, and financial consulting services designed to support safe, sustainable, and fiscally responsible community development. Our integrated teams deliver end-to-end expertise across planning, design, permitting, financing, and implementation, helping agencies navigate growth, modernize infrastructure, streamline operations, and meet regulatory requirements.

Our Engineering and Consulting Services include civil engineering and construction management; building and safety services; city engineering and planning support; civil design; geotechnical services; and materials testing. Our capabilities span traffic, bridges, rail, ports, water systems, and other major infrastructure projects. In addition to technical expertise, we provide economic and financial consulting that helps agencies plan, fund, and maintain both daily operations and long-term capital programs. This includes guidance on public-sector financing tools, assistance with mandated reporting and compliance, and independent financial advisory services for municipal securities without providing underwriting. In general, contracts for engineering and consulting services are awarded by public agencies based primarily upon the qualifications of the engineering or consulting professional, rather than the proposed fees. We have longstanding relationships with many of these agencies and are recognized as having relevant expertise and customer focused services. A substantial percentage of our work is for existing clients that we have served for many years.

Our Engineering and Consulting services include the following:

Building and Safety. Our building and safety services range from managing and staffing an entire municipal building department to providing specific outsourced services, such as plan review and field inspections for code compliance. Other related services under this umbrella include performing accessibility compliance and providing disaster recovery teams, energy compliance evaluations, fire and life safety, permit processing and issuance, seismic retrofitting programs, and structural plan review. Many of our building and safety services contracts are with municipalities and counties where we supplement the capacity of in-house staff.

City Engineering and Code Enforcement. We provide municipalities with city engineering services related to the public works department needs and assist with the development and capital improvements implementation, and enforcement of building and development codes. These services are tailored to the unique needs of each municipality, ranging from staffing an entire engineering department to carrying out specific projects within a municipality.

Development Review. We offer development plan review and inspection services including Americans with Disabilities Act (“ADA”) compliance, preliminary and final plats (maps), grading and drainage, complete infrastructure improvements for residential site plans, commercial site plans, industrial development and subdivision, and major master plan development services. We have reviewed grading plans, street lighting and traffic signal plans, erosion control plans, storm drain plans, street improvement plans, and sewer water and utility plans.

Disaster Recovery. We provide disaster recovery services to cities, counties and local government. Our experience in disaster recovery includes assisting communities in the disaster recovery process following earthquakes, firestorms, hurricanes, mudslides and other natural disasters. We typically organize and staff several local disaster recovery centers which function as “one-stop permit centers” that guarantee turn-around performance for fast-track plan checking and inspection services. Additionally, we have performed street and storm drain clean-up, replacement or repair of damaged storm drains, streets, and bridges, debris management and preparation and implementation of a near-term erosion and sediment control program.

Planning and Surveying. We assist communities with a full range of planning services, from the preparation of long-range policy plans to assistance with the day-to-day operations of a planning department. For several cities, we provide contract staff support, which ranges from staffing entire departments to providing interim or long-term services to entities that have determined that it is not cost-effective to have a full-time engineer on staff, to relieve peak workload situations or to fill vacant positions during a job search. Typical assignments include land use studies, development of specific plans or general plan elements, design guidelines, and zoning ordinances. We also provide surveying and mapping services, including major construction layout, design survey, topographic survey, aerial mapping, Geographic Information Systems, and right-of-way engineering.

Program and Construction Management. We provide comprehensive program and construction management services to our public sector clients. These services include construction administration, inspection, observation, labor compliance, and community relations, depending on the client's needs and the scope of the specific project. Our construction management experience encompasses projects such as streets, bridges, sewers and storm drains, water systems, parks, pools, public buildings, and utilities.

Structures. Our structural engineering services include bridge design, bridge evaluation and inspection, highway and railroad bridge planning and design, highway interchange design, railroad grade separation design, bridge seismic retrofitting, building design and retrofit, sound wall and retaining wall design, and planning and design for bridge rehabilitation and replacement.

Transportation and Traffic. We provide a wide range of services relating to transportation, traffic and other infrastructure projects. For example, our transportation engineering services cover a full spectrum of support functions, including right of way, utility relocation, landscape, survey and mapping, geographic information systems, public outreach, and interagency coordination. Our traffic engineering services include serving as the contract city traffic engineer in communities, as well as performing design and traffic planning projects for our clients.

Water Resources. We assist clients in addressing the many facets of water development, treatment, distribution and conservation, including energy savings, technical, financial, legal, political, and regulatory requirements. Our core competencies include hydraulic modeling, master planning, rate studies and design and construction services. Our design experience includes reservoirs, pressure reducing stations, pump and lift stations, and pipeline alignment studies, as well as water/wastewater collection, distribution, and treatment facilities. We also provide a complete analysis and projection of storm flows for use in drainage master plans and for individual storm drain systems to reduce flooding in streets and adjacent properties. We design open and closed storm drain systems and detention basin facilities for cities, counties and the Army Corp of Engineers.

District Administration. We administer special districts on behalf of public agencies. The types of special districts administered include community facilities districts (in California, Mello-Roos districts), assessment districts, landscape and lighting districts, school facilities improvement districts, benefit assessment districts, fire suppression districts, and business improvement districts. Our district administration services include calculating the annual levy for each parcel in the district; billing charges directly or through a county tax roll; preparing the annual Engineer's Report, budget and resolutions; reporting on collections and payment status; calculating prepayment quotes; and providing financial analyses, modeling and budget forecasting.

Financial Consulting. We perform economic analyses and financial projects for public agencies, including fee and rate studies; utility rate analysis; utility system appraisals and asset acquisitions; economic development and redevelopment planning; real estate and market analysis associated with planning efforts, and development fee studies; special district formation and other special projects.

Federal Compliance. We offer services that support bonded debt compliance reporting for cities, counties, states, school districts, water districts, housing authorities, 501(c)(3) and other municipal entities. We provide federal compliance services to approximately 740 issuers in 43 states and the District of Columbia managing approximately \$65 billion in municipal debt.

Clients

Our clients primarily consist of investor and municipal owned energy utilities, public and governmental agencies including cities, counties, redevelopment agencies, water districts, school districts and universities, state agencies, and a variety of other special districts and agencies. We also provide services to private industry, hospitals, hotels, and a wide variety of other commercial and industrial enterprises.

We are organized to profitably manage numerous small and large contracts at the same time. The majority of our contracts typically range from \$10,000 to \$10,000,000 in contract revenue; however, several of our construction management service contracts exceed \$20,000,000 and can range up to \$130,000,000 in construction value. In addition, many of our multi-year utility program management contracts exceed \$10,000,000 and, some of our largest contracts have provided contract limits in excess of \$250,000,000 in revenue over a period of five years for the management of utility incentive programs for the implementation of energy efficiency measures. Individual projects under our contracts typically have a duration of between two and twenty-four months, but our utility contracts often provide terms of up to five years and we have city services contracts that have been renewed or re-awarded and in effect for over 30 years. Most of our contracts include a provision allowing for termination for convenience after reimbursement of any unbilled effort under the contract. As of January 2, 2026, we had approximately 2,600 open projects.

During fiscal year 2025, we had two individual customers that accounted for more than 10% of our consolidated contract revenues, Clark County School District and Southern California Edison. Our top 10 customers accounted for 50.7% of our consolidated contract revenues.

Our largest clients are based in California, New York, and Nevada. In fiscal year 2025, services provided to clients in California, New York, and Nevada accounted for 43.5%, 19.0%, and 11.8% of our consolidated contract revenue, respectively.

We collaborate with Southern California Edison (“SCE”) who has contracted with us to develop, implement, and offer their commercial energy services programs to SCE customers. We are the implementer of the Commercial Program, which is targeted to help SCE customers lower their energy bills and reduce demand and energy usage by providing technical services, connection to financing, and financial incentives to identify and install energy efficiency measures. To support this effort, we provide full-service program implementation, including customer outreach, performing energy audits, and facilitating installation and verifying savings of approved energy efficiency measures.

We work with the Clark County School District in Nevada in their Lighting Upgrade Project. We are responsible for development, design, construction management, measurement, verification, operations and maintenance of the project components for over 200 schools and support facilities covering in excess of 23.7 million square-feet. These projects included lighting replacement with LED technology and enhanced lighting controls projects at all included school buildings.

We also collaborate with the Los Angeles Department of Water and Power (“LADWP”) through the Commercial Direct Install Program, which is a small business lighting energy efficiency program that serves all commercial customers in the LADWP territory with demand up to 250kW. On average, this program typically implements approximately 8,000 energy efficiency projects a year and has implemented over 100,000 projects since program inception in 2008. Over that time, we have saved the LADWP and its customers over half a million MWh per year and almost one hundred MW of peak demand.

We work with Duke Energy - Progress to manage the small business direct install program in North Carolina and South Carolina. Since its launch in 2013, the program has grown to encompass all eligible Duke Energy customers in North Carolina, South Carolina, Indiana, and Kentucky. The Small Business Energy Saver Program offers eligible

commercial customers the opportunity to retrofit a comprehensive list of existing inefficient equipment with more energy-efficient measures. The program provides integrated turn-key services including program marketing, energy assessments, installation by local contractors, up to 80 percent incentives to offset the cost of projects, and education to encourage the replacement of existing equipment with improvements in lighting, refrigeration, and HVAC.

We implement Consolidated Edison's Small and Medium Business Program across the utility's New York City and Westchester County service area, as well as Consolidated Edison's Multifamily program, their largest energy efficiency program. After giving effect to renewals and extensions, both contracts continue through the end of 2026. These programs help customers save energy, lower their bills, and protect the environment by providing financial incentives to identify and buy down the cost of energy efficiency measures. They also provide incentives to customers who electrify their buildings and reduce their carbon footprint by installing heat pumps. To support this effort, we provide full-service program implementation including outreach and direct sales to potential commercial customers, on-site energy efficiency assessments, direct implementation of energy savings measures and participating contractor management. The administration of incentive payments to other contractors providing services through the program is included in our scope, but the structure of the contract is such that these payments are not included in revenue or expenses. Consolidated Edison may terminate the contract at any time for any reason. Consolidated Edison has been a customer of ours since 2009.

In connection with our acquisition of substantially all of the assets of Genesys in March 2016, we entered into an administrative services agreement with Genesys pursuant to which our subsidiary, WES, provides Genesys with ongoing administrative, operational and other non-professional support services. Under such administrative services agreement, WES provides administrative services for a series of Genesys's DASNY and other contracts. WES provides administrative services to Genesys in its performance of rehabilitation and construction work and architectural and engineering services at various sites within New York State. Services for DASNY under these contracts also include energy efficient design, utility cost evaluation and review, and various regulatory compliance services. Specific project descriptions are set out by DASNY in work authorizations, which are issued under the terms of the contracts. The termination dates of the DASNY contracts vary; the latest of which is November 2026. Work authorized but not yet completed under this contract continues to be bound by the terms of the agreement beyond the termination date until completion of the projects. Genesys expects to continue to receive amendments from DASNY to the master contract extending the termination date under DASNY's option to extend this contract term twice, one year at a time. DASNY may at any time terminate any of the contracts or suspend all projects, for its convenience and without cause. DASNY has been a customer of Genesys since 1983.

Contract Structure

We generally provide our services under contracts, purchase orders, licensing agreements or retainer letters. The agreements we enter into with our clients typically incorporate one of three principal types of pricing provisions:

- *Time-and-materials provisions* provide for reimbursement of costs and overhead plus a fee for labor based on the time expended on a project multiplied by a negotiated hourly billing rate. The profitability achievable on a time-and-materials basis is driven by billable headcount, staff utilization, and cost control.
- *Unit-based provisions* require the delivery of specific units of work, such as energy efficiency savings goals measured in kWh or Therms or other energy efficiency metrics, arbitrage rebate calculations, software access terms, dissemination of municipal securities continuing disclosure reports, or building plan checks, at an agreed price per unit, with the total payment under the contract determined by the actual number of units performed.

- *Fixed price provisions* require all work under a contract to be performed for a specified lump sum, which may be subject to adjustment if the scope of the project changes. Contracts with fixed price provisions carry certain inherent risks, including risks of losses from underestimating costs, delays in project completion, problems with new technologies, price increases for materials, and economic and other changes that may occur over the contract period. Consequently, the profitability, if any, of fixed price contracts can vary substantially. We typically mitigate some of these risks through the use of fixed price subcontracts for services, material, and equipment which often cover the majority of the costs to be incurred under these contracts.

The following table presents, for the periods indicated, the approximate percentage of our contract revenue subject to each type of pricing provision:

	Fiscal Year		
	2025	2024	2023
Time-and-materials	18 %	18 %	19 %
Unit-based	35 %	40 %	42 %
Fixed price	47 %	42 %	39 %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

In relation to the pricing provisions, our service-related contracts, including operations and maintenance services and a variety of technical assistance services, are accounted for over the period of performance, in proportion to the cost of performance. Award and incentive fees are recorded when they are fixed and determinable and consider customer contract terms.

For time-and-materials and fixed price contracts, we bill our clients periodically in accordance with the contract terms, based on costs incurred on either an hourly fee basis or on a percentage of completion basis or upon the achievement of certain prescribed milestones, as the project progresses. For unit-based contracts, we bill our clients upon delivery and completion of the contracted item or service, and in some cases, in advance of delivery.

Our contracts come up for renewal periodically and, at the time of renewal, may be subject to renegotiation or recompetition, which could impact the profitability on 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 transactions and generally low customer concentration, the renewal, termination, or modification of a contract may have a material effect on our consolidated operations.

Backlog

We define backlog as the future revenue we expect to receive from our contracts with clients. Our contracts contain various types of pricing provisions, including fixed price, time-and-materials, and unit-based provisions. Most of our contracts have specified funded ceilings, which define the maximum revenue to be derived under the contract terms. The unused, or unrecognized, revenue ceiling, adjusted downward if we expect to ultimately recognize less revenue than the unused revenue ceiling, comprises the amount of backlog we report. A small percentage of our client contracts, like some of our municipal service contracts, do not have a specified funded maximum ceiling as revenue is derived as a percentage of certain fees that are paid to the municipality, such as permitting fees. In those cases, we estimate the amount of revenue expected for up to one year based on past utilization experience and include those expected revenues in the reported backlog.

For fixed price contracts, we include expected future revenue in backlog at the contract price when the contract has been executed, less any revenue recognized to date. For time-and-materials contracts, we include expected future revenue at the contract ceiling amount when the contract has been executed, less any revenue recognized to date. For unit-based contracts we include expected future revenue in backlog in the amount of total capacity under the contract when the contract has been executed, less any revenue recognized to date. The total capacity of the unit-based contract is the amount that will be owed to us if we provide services up to the maximum of the contract. Many of our utility

contracts have funded ceiling amounts that may or may not be fully utilized during the contract period due to a variety of factors. In the event that we do not provide services up to total capacity, or in the event that we do not foresee being able to provide services up to that total capacity, we will remove those amounts from our backlog.

The funded value of some of our larger contracts cover time periods of up to five years. Accordingly, their backlog value declines each year as revenue is recognized and the backlog level is not replenished unless and until the contract is renewed at the end of the contract period. The impact of this effect means changes in backlog levels over relatively short periods of time may not be a reliable metric for predicting future growth.

Most of our contracts include provisions that allow for project cancellations or scope adjustments at the option of our clients, though those options are rarely exercised. In the event that this occurs, any remaining contract value is removed from our backlog.

As of January 2, 2026, our total backlog was \$1.0 billion.

For further information related our contract accounting, see Part II, Item 8, Note 1, “*Organization and Operations of the Company*”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Competition

The markets for energy efficiency and sustainability, engineering, construction management, economic and financial consulting, design planning and national preparedness services are competitive and highly fragmented. Our competition varies by type of client, type of service and geography. The range of competitors for any one project can vary depending upon technical specialties, the relative value of the project, geographic location, financial terms, risks associated with the work, and any client-imposed restrictions. We often compete with many other technical service firms ranging from small local firms to large international firms. Contract awards are based primarily on qualifications, relevant experience, staffing capabilities, geographic presence, financial stability, customer service, and price. We face strong competition primarily from other regional, national, and international providers of energy efficiency and sustainability consulting services, local electrical and mechanical contractors and engineering firms, lighting and lighting fixture manufacturers and distributors. In addition to our existing competitors, new competitors such as large national or international engineering and/or construction companies could enter our markets.

Doing business with utilities and governmental agencies is complex and requires the ability to understand and comply with intricate regulations and to satisfy periodic audits. We have been serving cities, counties, special districts and other public agencies for over half a century. We believe that the ability to understand these requirements and to successfully conduct business with utilities, governmental entities and agencies is a barrier to entry for potential competitors.

Unlike some of our competitors, we focus our services on utilities, commercial and industrial markets, and public sector clients and generally exclude most residential services. Utility and public sector clients generally choose among competing firms by weighing the quality, experience, innovation and timeliness of the firm’s services. When selecting consultants for engineering projects, many utilities and government agencies are required to, and others choose to, employ Qualifications Based Selection (“QBS”). QBS requires the selection of the most technically qualified firms for a project, while the financial and legal terms of the engagement are generally secondary.

Our competition varies geographically. Although we provide services in several states, we may be stronger in certain service lines in some geographical areas than in other regions. Similarly, some of our larger competitors are stronger in some service lines in certain localities but are not as competitive in others. Our smaller competitors generally are limited both geographically as well as by the depth and breadth of services they are able to provide.

We consider our principal competitive advantages to be our reputation for dependability, technical knowledge and industry expertise of employees, quality of services and solutions, and the scope and scale of our service offerings. We believe that no single competitor has sufficient market share to influence the markets in which we operate.

Insurance

To address the hazards inherent in our business, we maintain insurance coverage through the following policies: commercial general liability, automobile liability, workers' compensation and employer's liability, cyber liability, professional liability and umbrella/excess liability. However, if any claims, settlements, or judgements, individually or in the aggregate, exceed our policy limits, we are liable to pay these claims from our assets. We believe our coverage limits reasonably protect us from any material adverse impact that may arise from these insured risks.

Government Regulation, Licensing, and Enforcement

A significant portion of our revenues is derived from services provided to public utilities which are generally overseen by state or local public utility commissions who provide and administer a regulatory framework governing the sourcing, distribution, pricing and general management of electricity and natural gas. Our services are often mandated by these regulatory frameworks requiring utilities to meet certain goals for energy efficiency, renewable energy and other metrics which impact demand for our services. This framework of regulatory mandates is updated by state and local ordinance and some federal regulatory action as well. Demand for our services can be impacted from year to year by changes in these regulatory acts regarding energy management, utility budgets and the allowable financial parameters imposed by these regulatory agencies.

Human Capital Resources

As a professional services company, our continuing success relies on attracting, developing, and retaining a workforce that is both technically excellent and responsive to the needs of our clients and customers. An integral part of our ability to attract and retain qualified talent depends on our ability to maintain a culture reflective of the diverse communities that we serve.

Willdan has a culture of acceptance, individuality, and respect, creating an environment where every employee feels included and empowered to contribute their unique perspectives, develop innovative ideas, and bring their best skills to work each day.

The health and safety of our employees is a core value and we continuously strive to provide a working environment that is reflective of that belief. At Willdan, our leadership embraces and supports the efforts required to drive the proactive management of risk and the elevation of our safety culture. In addition, to better communicate and market our safety objectives, our corporate safety council meets monthly and engages member representatives across the organization, bringing practical and timely information forward to share with our workforce.

Our Workforce

As of January 2, 2026, we employed a total of 1,814 employees, excluding contractors. Our employees include, among others, licensed electrical, mechanical, structural, geotechnical and civil engineers; land surveyors; certified building officials; certified inspectors and plans examiners; licensed architects and landscape architects; certified planners; energy sales and audit specialists; installation technicians; program managers; policy advisors, economists, and information technology specialists. We believe that we attract and retain highly skilled personnel with significant industry experience and strong client relationships by offering them challenging assignments in a dynamic work environment that recognizes, supports, and encourages diverse backgrounds and inter-cultural cooperation combined with compensation and employee benefit programs that are competitive with those offered by our competitors. See Part I, Item 1A, "Risk Factors" included in this Annual Report on Form 10-K for a discussion of the risks related to the loss of key personnel or our inability to attract and retain qualified personnel.

The following table sets forth the number of our employees in each of our business segments and our holding company:

	Fiscal Year		
	2025	2024	2023
Energy	909	865	814
Engineering and Consulting	793	801	714
Holding Company Employees (Willdan Group, Inc.)	112	95	88
Total	1,814	1,761	1,616

Environmental Stewardship

As a leading energy solutions provider and sustainability consultant, environmental sustainability, including climate change mitigation, is at the core of our identity. We deliver comprehensive solutions to our clients to reduce their carbon intensity and facilitate their transition to a net-zero carbon future. We provide planning and policy analysis for governments, regulators, and utilities, as well as innovative financing programs that bring the benefit of clean energy to underserved neighborhoods and disadvantaged customers.

We help clients reduce carbon intensity to become cleaner, more sustainable organizations through measurement and goal setting, sustainable engineering designs, installation of more efficient lighting, heating and cooling measures and the development and implementation of master plans for environmental sustainability, carbon reduction and energy efficiency to meet specific goals.

Governance

At Willdan, strong and effective corporate governance is the foundation of a well-run, sustainable business. Our corporate governance practices set clear expectations and responsibilities for leaders, employees, and partners to create long-term, competitive returns for shareholders and lasting value for all stakeholders.

We are committed to conducting business in a legal, ethical, and trustworthy manner; strictly upholding our regulatory obligations everywhere we operate; and complying with both the letter and spirit of our business policies and values. We are committed to accountability for our actions and goals.

With our commitment to corporate governance principles, we have adopted, among other measures, a Code of Ethical Conduct, as well charters for each of the four standing committees of our Board of Directors (“Board”). These governance measures promote effective functioning of our Board and its committees, protecting our interests as a whole. The measures articulate shared expectations for how the Board, its committees, and our management should perform their respective functions.

Annually, the Board works with our senior management team on a detailed, multi-year strategic plan, reviewing goal progress each quarter. The Board also oversees efforts by Willdan’s senior management team in managing mitigation of environmental and social risks.

We are managed under the direction of the Board, which is currently composed of seven directors. As of the start of fiscal year 2024, the role of Chairman of the Board is separate from the role of CEO. The Board has determined that our directors, except for Mr. Bieber, our President and CEO, and Dr. Brisbin, our former CEO, are independent under the rules of the listing standards for the Nasdaq Global Market and the Securities Exchange Act of 1934, as amended. As the director most familiar with our business and industry, we believe that our former CEO is best suited to serve as Chairman of our Board. Our Chairman and our CEO work in collaboration with our Lead Independent Director, who is appointed biannually by the Board. Our Board is comprised of a diverse group of academics, financial advisors and industry practitioners with extensive experience in the governance and direction of publicly-traded enterprises. At any time, shareholders and other interested parties may communicate by writing to the Board generally, with the non-employee directors as a group, or to a specific director.

Intellectual Property

We believe we have strong name recognition and that this provides us with a competitive advantage in obtaining new business. Consequently, we believe it is important to protect our brand identity through trademark registrations. The Willdan, Willdan Group, Inc., Willdan Engineering, Willdan Energy Company, Willdan Financial Services, and Willdan Energy Solutions names are service marks of ours. We have obtained federal service mark registration with the United States Patent and Trademark Office for the “Willdan” and “Willdan Group, Inc.” names, and our stylized “W” logo. The name and logo of our proprietary software, MuniMagic+SM, our California energy efficiency CEDA, as well as our proprietary platform as a service VIEWPOINT are also registered marks, and we have registered a federal copyright for the source code for the MuniMagic+SM software. In connection with our acquisitions, we have obtained trademarks for E3, Enerpath, Enerworks, Main Street Efficiency, NEO, Net Energy Optimizer, Collaboration Analysis Research, LoadSEER, several Weidt Group designs and the patent for “Optimization of Microgrid Energy Use and Distribution”.

Available Information

We maintain an Internet website at <http://www.willdan.com>. Through our website, in the “Investors” section under the heading “Financial—SEC Filings”, we make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments to those reports, as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. We also make available on this website our prior earnings calls under the heading “Events and Presentations” and our Code of Ethical Conduct under the heading “Governance.” The information on our website is not a part of or incorporated by reference into this filing. The SEC maintains an Internet site that contains reports, proxy, and information statements and other information regarding our filings at <http://www.sec.gov>.

ITEM 1A. RISK FACTORS

Risks Relating to Our Business and Industry

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of risks and uncertainties that could cause our actual results to differ materially from the results and expectations contained in this report. Additional risks we do not yet know of or that we currently think are immaterial may also affect our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected.

Risks Related to Operations

If we fail to complete a project in a timely manner, miss a required performance standard, or otherwise fail to adequately perform on a project, then we may incur a loss on that project, which may reduce or eliminate our overall profitability.

Our engagements often involve large-scale, complex projects. The quality of our performance on such projects depends in large part upon our ability to manage the relationship with our clients and our ability to effectively manage the project and deploy appropriate resources, including third-party contractors and our own personnel, in a timely manner. We may commit to a client that we will complete a project by a scheduled date or that, when completed, a project will achieve specified performance standards (e.g., some of our contracts stipulate certain energy savings requirements). If the project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. The uncertainty of the timing of a project can present difficulties in planning the amount of personnel needed for the project. If the project is delayed or canceled, we may bear the cost of an underutilized workforce that was dedicated to fulfilling the project. In addition, performance of projects can be affected by a number of factors beyond our control, including, among other things, unavoidable delays from government inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials (including but not limited to import restrictions or pandemics or other public health emergencies), changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, and labor disruptions. To the extent these events occur, the total costs of the project could exceed our estimates, and we could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate our overall profitability. Further, any defects or errors, or failures to meet our clients' expectations, could result in claims for damages against us. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation and client base.

If we are unable to accurately estimate and control our contract costs, then we may incur losses on our contracts, which could decrease our operating margins and reduce our profits. In particular, our fixed-price contracts could increase the unpredictability of our earnings.

Under fixed-price contracts, we receive a fixed price irrespective of the actual costs we incur (which protects clients) and, consequently, we are exposed to a number of risks that are generally not included under time-and-materials and unit-based contracts. We realize a profit on fixed price contracts only if we can control our costs and prevent cost overruns on our contracts. Fixed price contracts require cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, costs, and availability of labor, equipment and materials, and other exigencies. We could experience cost overruns if these estimates were initially inaccurate as a result of errors or ambiguities in the contract specifications, or become inaccurate as a result of a change in circumstances following the submission of the estimate due to, among other things, unanticipated technical or equipment problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, weather delays, changes in costs of raw materials as a result of elevated inflation, supply chain shortages or otherwise, or the inability of our vendors or subcontractors to perform their obligations. If cost overruns occur, we could experience reduced profits or, in some cases, a loss for that project. If a project is significant, or if there are one or more common issues that impact multiple projects, costs overruns could increase the unpredictability of our earnings, as well as have a material adverse impact on our business, results of operations and financial condition.

Under our time-and-material contracts, we are generally paid for our efforts at negotiated hourly billing rates for our staff, plus reimbursement for subcontractors and other direct costs. Profitability on these contracts is driven by control over the number of hours required to execute the tasks, the mix of staff utilized and the percentage of staff time expended on directly billable activities. Many of our time-and-materials contracts are subject to maximum contract values. In the event that we estimate the potential to exceed those maximum contract values at the contracted rates, revenue relating to these contracts is recognized as if these contracts were fixed-price contracts.

If we are unable to accurately estimate and manage our costs, we may incur losses on our contracts, which could decrease our operating margins and significantly reduce or eliminate our profits. Certain of our contracts require us to satisfy specific design, engineering, procurement, or construction milestones in order to receive payment for the work completed or equipment or supplies procured prior to achievement of the applicable milestone. As a result, under these types of arrangements, we may incur significant costs or perform significant amounts of services prior to receipt of payment. If a client determines not to proceed with the completion of the project or if the client defaults on its payment obligations, we may face difficulties in collecting payment of amounts due to us for the costs previously incurred or for the amounts previously expended to purchase equipment or supplies.

Our use of the percentage-of-completion method of revenue recognition on our fixed price contracts could result in a reduction or reversal of previously recorded revenue and profits.

We account for our fixed price contracts on the percentage-of-completion method of revenue recognition. Generally, our use of this method results in recognition of revenue and profit ratably over the life of the contract, based on the proportion of costs incurred to date to total costs expected to be incurred for the entire project. The effects of revisions to revenue and estimated costs, including the achievement of award fees and the impact of change orders and claims, are recorded when the amounts are known and can be reasonably estimated. Such revisions could occur in any period and their effects could be material. While we have historically made reasonably reliable estimates of the progress towards completion of long-term contracts, the uncertainties inherent in the estimating process make it possible for actual costs to vary materially from initial estimates, which could result in reductions or reversals of previously recorded revenue and profit.

Our revenues are primarily derived from the energy services industry and, therefore, we are highly susceptible to risks relating to such industry.

A loss of customers, inability to procure or maintain contracts, a downturn in demand, or a change in the energy regulatory environment in the energy services industry could have a material adverse impact on our business, results of operations and financial condition. If we are unable to maintain and expand our current utility relationships and develop new relationships, maintain and enhance our existing energy services, execute our business and marketing strategies successfully and achieve the energy savings that are specified in our contracts, we may not be able to supplement the loss of revenue from our other services and it may result in lower revenues and have an adverse impact on our business, results of operations and financial condition.

The demand and terms for energy efficiency services and utility programs in general are highly regulated and driven by various state regulatory commissions. Changes in those regulations or the standards and goals imposed by the regulatory commissions could adversely affect the demand for or the terms under which those utility programs may be conducted and adversely affect the company's profitability.

Most states have an independent energy regulatory commission or body to oversee the operations of the utilities providing electricity and gas to consumers. Those regulatory commissions often set the goals, standards, prices and other specific terms under which the utilities are required to operate. Those regulatory mandates, including mandates for greenhouse gas reductions, the composition of energy generation sources, the amount of energy consumption reductions, the cost effectiveness of those reductions and the various terms under which those mandates are to be delivered set firm boundaries within which the utilities may contract with third parties such as Willdan. Changes in those regulatory mandates, goals and terms impact existing and future contracts under which we work with the utilities and can have a significant impact on the company's ability to generate revenue or the level of effort and cost required to deliver required savings, or both. Those changes could have the effect of making our utility contracts more or less profitable and increase or decrease the demand for our services.

Our backlog is subject to cancellation, adjustments and changing economic conditions and is an uncertain indicator of future operating results.

We include in backlog the future revenue we expect to receive from our contracts with clients. For contracts without specified funding ceilings, which comprise a small percentage of our contracts, backlog is reported as expected revenue for up to one year. For contracts with specified funding ceilings, which comprise most of our contracts, we report the unused, or unrecognized, revenue ceiling, adjusted downward if we expect to ultimately recognize less revenue than the unused revenue ceiling, as the amount of backlog. We cannot guarantee that the revenue projected in our backlog will be realized or, if realized, will result in profits. In addition, project delays, suspensions, terminations, cancellations, reductions in scope, or other adjustments do occur from time to time in our industry due to considerations beyond our control and may have a material impact on the value of reported backlog with a corresponding adverse impact on future revenues and profitability. For example, most of our contracts include a provision allowing for termination for convenience after reimbursement of any unbilled effort under the contract. In the event that this occurs, any remaining contract value is removed from our backlog. These types of backlog reductions could adversely affect our revenue and margins. As a result of these factors, our backlog as of any particular date is an uncertain indicator of our future earnings.

Demand for our services is cyclical and vulnerable to economic downturns. If economic growth slows, government fiscal conditions worsen, public and private construction/renovation activity slows, or client spending declines, it may have a material adverse effect on our business, results of operations and financial condition.

Demand for our services is cyclical, and vulnerable to economic downturns and reductions in government and private industry spending. Such downturns or reductions may result in clients delaying, curtailing or canceling proposed and existing projects. Our business traditionally lags the overall recovery in the economy; therefore, our business may not recover immediately when the economy improves. If economic growth slows, including as a result of elevated inflation and interest rates, government fiscal conditions worsen, or client spending declines, it may have a material adverse effect on our business, results of operations and financial condition. Our government clients may face budget deficits that prohibit them from funding new or existing projects. In addition, our existing and potential clients may either postpone entering into new contracts or request price concessions. Difficult financing and economic conditions may cause some of our clients to demand better pricing terms or delay payments for services we perform, thereby increasing the average number of days our receivables are outstanding, and the potential of increased credit losses of uncollectible invoices. Further, these conditions may result in the inability of some of our clients to pay us for services that we have already performed. If we are not able to reduce our costs quickly enough to respond to the revenue decline from these clients, our operating results may be adversely affected. Accordingly, these factors affect our ability to forecast our future revenue and earnings from business areas that may be adversely impacted by market conditions. Any of these factors could adversely affect the demand for our services, which could have a material adverse effect on our business, results of operations and financial condition.

The quality of our service and our ability to perform under some of our contracts would be adversely affected if qualified subcontractors are unavailable for us to engage, if our subcontractors fail to satisfy their obligations to us or other parties, or if we are unable to maintain these relationships which, in each case, could adversely affect our business, results of operations and financial condition.

Under some of our contracts, we rely on the efforts and skills of subcontractors for the performance of some of the tasks. Our use of subcontractors has increased in recent years as a result of the increase in the percentage of our revenues derived from the direct installation of energy efficiency measures, including performance contracting and construction management services for more complex projects. Our Energy segment generally utilizes a higher percentage of subcontractors than the Engineering and Consulting segment. The absence of qualified subcontractors with whom we have a satisfactory relationship could adversely affect the quality of our service offerings and therefore, adversely affect our business, results of operations and financial condition.

There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, client concerns about the subcontractor, or our failure to extend existing task orders or issue new task orders under a subcontract. In addition, if a subcontractor fails to deliver on a timely basis the agreed-upon supplies, fails to perform the agreed-upon services, or goes out of business, then we may be required to purchase the services or supplies from another source at a higher price, and our ability to fulfill our

obligations as a prime contractor may be jeopardized. This may reduce the profit to be realized or result in a loss on a project for which the services or supplies are needed.

We also rely on relationships with other contractors when we act as their subcontractor or joint venture partner. The absence of qualified subcontractors with which we have a satisfactory relationship could adversely affect the quality of our service and our ability to perform under some of our contracts. Our future revenue and growth prospects could be adversely affected if other contractors eliminate or reduce their subcontracts or teaming arrangement relationships with us, or if a government agency terminates or reduces these other contractors' programs, does not award them new contracts, or refuses to pay under a contract.

Supply chain constraints and labor shortages could negatively impact our business, financial condition and results of operations.

The global economy has experienced periods of supply chain constraints and labor shortages. These conditions increase the costs for materials, other goods, and labor, and have caused delivery and project performance schedules to be extended. When these conditions occur, increases in the cost and difficulty of recruiting and retaining employees, could result in project delays or cancellations which could negatively impact our operations and financial results.

Our profitability could suffer if we are not able to maintain adequate utilization of our workforce.

The cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. The rate at which we utilize our workforce is affected by a number of factors, including our ability to transition employees from completed projects to new assignments and to hire and assimilate new employees, our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforces, our ability to manage attrition, our need to devote time and resources to training, business development, professional development, and other non-chargeable activities, and our ability to match the skill sets of our employees to the needs of the marketplace. If we over-utilize our workforce, our employees may become disengaged, which could impact employee attrition. If we under-utilize our workforce, our profit margin and profitability could suffer.

The loss of key personnel or our inability to attract and retain qualified personnel could impair our ability to provide services to our clients and otherwise conduct our business effectively.

As primarily a professional and technical services company, we are labor-intensive and, therefore, our ability to attract, retain, and expand our senior management and our professional and technical staff, including management and staff acquired in connection with our business acquisitions, is an important factor in determining our future success. We believe there are only a limited number of available qualified executives in the energy efficiency services industry, and we therefore have encountered, and will likely continue to encounter, intense competition for qualified employees from other companies in the industry. In addition, the market for qualified engineers is competitive and, from time to time, it may be difficult to attract and retain qualified individuals with the required expertise within the timeframe demanded by our clients. Further, we rely heavily upon the expertise and leadership of our senior management. If we are unable to retain executives and other key personnel, the roles and responsibilities of those employees will need to be filled, which may require that we devote time and resources to identify, hire, and integrate new employees. The loss of the services of any of these key personnel could adversely affect our business, results of operations and financial condition.

Unavailability or cancellation of third-party insurance coverage would increase our overall risk exposure as well as disrupt the management of our business operations.

Our services involve significant risks of professional and other liabilities, which may substantially exceed the fees we derive from our services. We maintain insurance coverage from third-party insurers as part of our overall risk management strategy and because some of our contracts require us to maintain specific insurance coverage limits. From time to time, we assume liabilities as a result of indemnification provisions contained in our service contracts. We cannot predict the magnitude of these potential liabilities.

We are liable to pay such liabilities from our assets if and when the aggregate settlement or judgment amount exceeds our insurance policy limits. Further, our insurance may not protect us against liability because our policies typically have various exceptions to the claims covered and also require us to assume some costs of the claim even though a portion of the claim may be covered. A partially or completely uninsured claim, if successful and of significant magnitude, could have a material adverse effect on our liquidity.

If any of our third-party insurers fail, suddenly cancel our coverage, or otherwise are unable to provide us with adequate insurance coverage, then our overall risk exposure and our operational expenses would increase and the management of our business operations would be disrupted. In addition, if we expand into new markets, we may not be able to obtain insurance coverage for these new activities or, if insurance is obtained, the dollar amount of any liabilities incurred could exceed our insurance coverage. There can be no assurance that any of our existing insurance coverage will be renewable upon the expiration of the coverage period or that future coverage will be affordable at the required limits.

Product liability and personal injury claims could have a material adverse effect on our business, results of operations and financial condition.

We face exposure to product liability and personal injury claims in the event that our services cause bodily injury or property damage. Since the majority of our products use electricity, it is possible that the products we use could result in property damage or personal injury, whether due to product malfunctions, defects, improper installation or other causes. Further, we face exposure to personal injury claims in the event that an individual is injured because of our negligence or the negligence of one of our subcontractors. Moreover, we may not have adequate resources in the event of a successful claim against us. A successful product liability or personal injury claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages which could materially adversely affect our business, results of operations and financial condition.

Events outside our control, including natural and man-made disasters, could negatively impact the economies in which we operate or disrupt our operations, which may adversely affect our business, results of operations and financial condition.

Events outside our control, such as natural and man-made disasters, as well as terrorist actions, war or armed hostilities between countries or non-state actors, pandemics, resurgences of pandemics, or other public health emergencies, could negatively impact the economies in which we operate by causing the closure of offices, interrupting projects, and forcing the relocation of employees. We typically remain obligated to perform our services after a terrorist action or natural disaster unless the contract contains a force majeure clause that relieves us of our contractual obligations in such an extraordinary event. If we are not able to react quickly to force majeure, our operations may be affected significantly, which would have a negative impact on our business, results of operations and financial condition.

We have only a limited ability to protect our intellectual property rights, and our failure to protect our intellectual property rights could adversely affect our competitive position.

Our success depends, in part, upon our ability to protect our proprietary information and other intellectual property. We rely principally on trade secrets to protect much of our intellectual property where we do not believe that patent or copyright protection is appropriate or obtainable. However, trade secrets are difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information. In addition, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, if we are unable to prevent third parties from infringing or misappropriating our trademarks or other proprietary information, our competitive position could be adversely affected.

Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights could result in significant costs and substantially harm our business, financial condition and operating results.

We may face from time to time, allegations that we or a supplier or customer have violated the rights of third parties, including patent, trademark and other intellectual property rights. If, with respect to any claim against us for violation of third-party intellectual property rights, we are unable to prevail in the litigation or retain or obtain sufficient rights or develop non-infringing intellectual property or otherwise alter our business practices on a timely or cost-efficient basis, our business, financial condition or results of operations may be adversely affected.

Any infringement, misappropriation or related claims, whether or not meritorious, are time consuming, divert technical and management personnel and are costly to resolve. As a result of any such dispute, we may have to develop non-infringing technology, pay damages, enter into royalty or licensing agreements, cease utilizing products or services or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us.

Employee, agent, or partner misconduct, or our failure to comply with anti-bribery and other laws or regulations, could harm our reputation, reduce our revenue and profits, and subject us to criminal and civil enforcement actions.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one of our employees, agents, or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with government procurement regulations, regulations regarding the protection of classified information, regulations prohibiting bribery and other foreign corrupt practices, regulations regarding the pricing of labor and other costs in government contracts, regulations on lobbying or similar activities, regulations pertaining to the internal controls over financial reporting, environmental laws, and any other applicable laws or regulations. Since our internal controls are subject to inherent limitations, including human error, it is possible that these controls could be intentionally circumvented or become inadequate because of changed conditions. As a result, we cannot assure that our controls will protect us from reckless or criminal acts committed by our employees or agents. Our failure to comply with applicable laws or regulations, or acts of misconduct could subject us to fines and penalties, loss of security clearances, and suspension or debarment from contracting, any or all of which could harm our reputation, reduce our revenue and profits, and subject us to criminal and civil enforcement actions.

Our failure to implement and comply with our safety program could adversely affect our operating results or financial condition.

Our safety program is a fundamental element of our overall approach to risk management, and the implementation of the safety program is a significant issue in our dealings with our clients. We maintain an enterprise-wide group of health and safety professionals to help ensure that the services we provide are delivered safely and in accordance with standard work processes. Unsafe job sites and office environments have the potential to increase employee turnover, increase the cost of a project to our clients, expose us to types and levels of risk that are fundamentally unacceptable, and raise our operating costs. The implementation of our safety processes and procedures are monitored by various agencies and rating bureaus and may be evaluated by certain clients in cases in which safety requirements have been established in our contracts. Our failure to meet these requirements or our failure to properly implement and comply with our safety program could result in reduced profitability or the loss of projects or clients or potential litigation and could have a material adverse effect on our business, results of operations and financial condition.

The diversity of the services we provide, and the clients we serve, may create actual, potential, and perceived conflicts of interest and conflicts of business that limit our growth and could lead to potential liabilities for us.

Because we provide services to a wide array of both government and commercial clients, occasions arise where, due to actual, potential, or perceived conflicts of interest or business conflicts, we cannot perform work for which we are qualified. A number of our contracts contain limitations on the work we can perform for others, such as, for example, when we are assisting a government agency or department in developing regulations or enforcement strategies. Actual, potential, and perceived conflicts limit the work we can do and, consequently, can limit our growth and adversely affect our operating results. In addition, if we fail to address actual or potential conflicts properly, or even if we simply fail to recognize a perceived conflict, we may be in violation of our existing contracts, may otherwise incur liability, and may lose future business for not preventing the conflict from arising, and our reputation may suffer.

Risks Related to Liquidity and Indebtedness

Our leverage and debt service obligations due to debt incurred in connection with our acquisitions could adversely affect our business, results of operations and financial condition.

Our financial performance could be adversely affected by our debt leverage. We may also incur significant additional indebtedness in the future, subject to various conditions including increased working capital requirements. An increase in the level of indebtedness could have important negative consequences to us, including making it more difficult to satisfy our obligations on outstanding debt obligations; making it more difficult to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes; requiring us to use more of our excess cash flow to pay interest and principal on our debt, which will reduce the amount of money available to finance our operations and other business activities; increasing our vulnerability to general economic downturns and adverse industry conditions; potentially limiting our flexibility in planning for, or reacting to, changes in our business and in our industry in general; exposing us to the risk of increased interest rates because the debt outstanding under our term loan and revolving credit facility bear interest at variable rates; placing us at a competitive disadvantage compared to our competitors that have less debt; and potentially limiting our ability to comply with the financial and other restrictive covenants in our debt instruments which, among other things, require us to maintain specified financial ratios, and could result in an event of default that, if not cured or waived, could have a material adverse effect on our business or prospects.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the amounts due on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially adversely affect our financial position and results of operations. If we cannot make scheduled payments on our debt or comply with the other covenants under our Credit Agreement (as defined in Part II, Item 8, Note 5, “*Debt Obligations*” of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K), we will be in default and the lenders under our Credit Agreement could terminate their commitments to loan money and could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders, which may impact our ability to execute on our current or future business strategies.

If we do not generate sufficient cash flow from operations or otherwise, we may need additional financing to execute on our current or future business strategies, including developing new or enhancing existing service lines, expanding our business geographically, enhancing our operating infrastructure, acquiring complementary businesses, or otherwise responding to competitive pressures. We cannot assure you that additional financing will be available to us on favorable terms, or at all. Furthermore, if we raise additional funds through the issuance of convertible debt or equity securities, the percentage ownership of our stockholders could be significantly diluted, and these newly issued securities

may have rights, preferences or privileges senior to those of existing stockholders. If adequate funds are not available or are not available on acceptable terms, if and when needed, our ability to fund our operations, meet obligations in the normal course of business, take advantage of strategic business opportunities, or otherwise respond to competitive pressures would be significantly limited.

Restrictive covenants in our Credit Agreement may restrict our ability to pursue certain business strategies.

Our Credit Agreement limits or restricts our and our subsidiaries' ability to, among other things, incur, create or assume additional indebtedness; incur, create or assume liens securing debt or other encumbrances on our assets; purchase, hold or acquire unpermitted acquisitions or investments; make loans or advances; pay dividends or make distributions to our stockholders; purchase or redeem our stock; repay indebtedness that is junior to indebtedness under our Credit Agreement; acquire the assets of, or merge or consolidate with, other companies; and sell, lease, or otherwise dispose of assets.

Our Credit Agreement also requires that we maintain a maximum total net leverage ratio and a minimum fixed charge coverage ratio, tested on a quarterly basis, which we may not be able to achieve. The covenants may additionally impair our ability to finance future operations or capital needs or to engage in other favorable business activities. Failing to comply with these covenants could result in an event of default under the Credit Agreement, which could result in us being required to repay the amounts outstanding prior to maturity. These prepayment obligations could have an adverse effect on our business, results of operations and financial condition.

Furthermore, if we are unable to repay the amounts due and payable under the Credit Agreement, the lenders could proceed against the collateral granted to them to secure that indebtedness. In the event the lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

Risks Related to Our Clients and Our Projects

If we have a loss or reduction of business from a key customer or key utility programs, it could result in significant harm to our revenue, profitability and financial condition.

Most of our clients are not committed to purchase any minimum amount of our services, as our agreements with them are based on a "purchase order" model. As a result, they may discontinue utilizing some or all of our services with little or no notice, or we may not generate the amount of contract revenue or achieve the level of profitability we expect under such arrangements. As well, certain of our contracts are with other entities that are periodically funded by the applicable utility. Such funding is subject to periodic renewal and is outside our control or its contract counterparty and may, at times, be delayed or inhibited.

The loss of key utility programs or key clients (or financial difficulties at this utility program or these clients, which result in nonpayment or nonperformance) could have a significant and adverse effect on our business, results of operations and financial condition. If these clients or utility programs significantly reduce their business or orders with us, default on their agreements with us or fail to renew or terminate their agreements with us, our business, results of operations and financial condition could be materially and adversely affected. We may not be able to win new contracts to replace these contracts if they are terminated early or expire as planned without being renewed.

In addition, the potential for requests from certain clients to significantly increase the services we provide them requires us to have sufficient resource capacity available in the regions where they are located. If we are unable to maintain such resource capacity, these clients or utility program may reduce or stop purchasing certain services from us. If such clients or utility program reduce or stop purchasing certain services from us, we may have substantial capacity available in regions where we do not have corresponding clients to service.

Our failure to win new contracts and renew existing contracts with private and public sector clients could adversely affect our business, results of operations and financial condition.

Our business depends on our ability to win new contracts and renew existing contracts with private and public sector clients. Contract proposals, negotiations, and software licenses are complex and frequently involve a lengthy bidding and selection process. If we are not able to replace the revenue from expiring contracts, either through follow-on contracts or new contracts, or secure new software licenses, our business, results of operations and financial condition

may be adversely affected. A number of factors affect our ability to win new contracts and renew existing contracts, including, among other things, market conditions, financing arrangements, required governmental approvals, our client relationships and professional reputation. For example, a client may require us to provide a bond or letter of credit to protect the client should we fail to perform under the terms of the contract. If negative market conditions arise, or if we fail to secure adequate financial arrangements or the required government approval, we may not be able to pursue particular projects, which could adversely affect our business, results of operations and financial condition. Any factor that diminishes our reputation or client relationships with federal, state and local governments, as well as commercial clients, could make it substantially more difficult for us to compete successfully for both new engagements and qualified employees. To the extent our reputation and/or client relationships deteriorate, our business, results of operations and financial condition could be adversely affected.

Our contracts may contain provisions that are unfavorable to us and permit our clients to, among other things, terminate our contracts partially or completely at any time prior to completion.

Certain of our contracts contain provisions that allow our clients or utility programs to terminate or modify the contract at their convenience upon short notice. For example, our largest clients and utility programs may terminate their contracts with us at any time for any reason. If one of these clients or utility programs terminates their contract for convenience, we may only bill the client or utility program, as applicable, for work completed prior to the termination, plus any commitments and settlement expenses such client or utility program agrees to pay, but not for any work not yet performed.

In addition, many of our government contracts and task and delivery orders are incrementally funded as appropriated funds become available. The reduction or elimination of such funding can result in contract options not being exercised and further work on existing contracts and orders being curtailed. In any such event, we would have no right to seek lost fees or other damages. If a client were to terminate, decline to exercise options under, or curtail further performance under one or more of our major contracts, it could have a material adverse effect on our business, results of operations and financial condition.

Changes to tax laws and regulations, including changes to the energy efficient building deduction, could adversely affect our business, results of operations and financial condition.

Tax laws and regulations are highly complex and subject to interpretation, and the tax laws and regulations to which we are subject to change over time. Our tax filings are based upon our interpretation of the tax laws in effect in various jurisdictions for the periods for which the filings are made. As our business grows, we are required to comply with increasingly complex taxation rules and practices. We are subject to tax in multiple U.S. tax jurisdictions. Tax reform remains a legislative priority for the U.S. government and certain legislations have already been enacted. While there is current uncertainty regarding what changes will eventually be enacted, such new laws may affect our operating results and financial conditions. Changes in federal, state and local tax laws and regulations could adversely affect our business, results of operations and financial condition.

Because we primarily provide services to municipalities, public utilities and other public agencies, we are more susceptible to the unique risks associated with government contracts.

We primarily work for utilities, municipalities and other public agencies. Consequently, we are exposed to certain risks associated with public agency and government contracting, any one of which can have a material adverse effect on our business, results of operations and financial condition. These risks include the ability of the public agency to terminate the contract with 30 days' prior notice or less; changes in public agency spending and fiscal policies which can have an adverse effect on demand for our services; contracts that are subject to public agency budget cycles, and often are subject to renewal on an annual basis; the often wide variation of the types and pricing terms of contracts from

agency to agency; the difficulty of obtaining change orders and additions to contracts; and the requirement to perform periodic audits as a condition of certain contract arrangements.

Each year, client funding for some of our government contracts rely on government appropriations or public-supported financing. If adequate public funding is delayed or is not available, then we may not be able to realize all of our anticipated revenue and profits from such contracts, which could adversely affect our business, results of operations and financial condition.

A substantial portion of our revenue is derived from contracts with agencies and departments of state and local governments. Each year, client funding for some of our government contracts may directly or indirectly rely on government appropriations or public-supported financing. Legislatures may appropriate funds for a given project on a year-by-year basis, even though the project may take more than one year to perform. In addition, public-supported financing such as state and local municipal bonds may be only partially raised to support existing projects. Similarly, the impact of the economic downturn on state and local governments may make it more difficult for them to fund projects. In addition to the state of the economy and competing political priorities, public funds and the timing of payment of these funds may be influenced by, among other things, curtailments in the use of government contracting firms, increases in raw material costs, delays associated with insufficient numbers of government staff to oversee contracts, budget constraints, the timing and amount of tax receipts, and the overall level of government expenditures. If adequate public funding is not available or is delayed, then our profits and revenue could decline and we will not realize all of our potential revenue and profit from that contract.

We derive significant revenue and profit from contracts awarded through a competitive bidding process, which can impose substantial costs on us, and we will lose revenue and profit if we fail to compete effectively.

We derive significant revenue and profit from contracts that are awarded through a competitive bidding process. Competitive bidding imposes substantial costs and presents a number of risks, including the substantial cost and managerial time and effort that we spend to prepare bids and proposals; the need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope; the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding, as discussed below; and the opportunity cost of not bidding on and winning other contracts we may have otherwise pursued.

To the extent we engage in competitive bidding and are unable to win particular contracts, we not only incur substantial costs in the bidding process that negatively affect our operating results, but we may lose the opportunity to operate in the market for the services provided under those contracts for a number of years. Even if we win a particular contract through competitive bidding, our profit margins may be depressed or we may even suffer losses as a result of the costs incurred through the bidding process and the need to lower our prices to overcome competition.

Changes in elected or appointed officials could have a material adverse effect on our ability to retain an existing contract with or obtain additional contracts from a public agency.

Since the decision to retain our services is made by individuals, such as city managers, city councils and other elected or appointed officials, our business and financial results or condition could be adversely affected by the results of local and regional elections. A change in the individuals responsible for selecting consultants for and awarding contracts on behalf of a public agency (for example, due to an election) could adversely affect our ability to retain an existing contract with or obtain additional contracts from such public agency.

If our business partners fail to perform their contractual obligations on a project, we could be exposed to legal liability, loss of reputation and profit reduction or loss on the project.

We routinely enter into subcontracts and, occasionally, joint ventures, teaming arrangements, and other contractual arrangements so that we can jointly bid and perform on a particular project. Success under these arrangements depends in large part on whether our business partners fulfill their contractual obligations satisfactorily. In addition, when we operate through a joint venture in which we are a minority holder, we have limited control over many project decisions, including decisions related to the joint venture's internal controls, which may not be subject to the same internal control procedures that we employ. If these unaffiliated third parties do not fulfill their contract obligations, the partnerships or joint ventures may be unable to adequately perform and deliver their contracted services. Under these circumstances, we may be obligated to pay financial penalties, provide additional services to

ensure the adequate performance and delivery of the contracted services, and may be jointly and severally liable for the other's actions or contract performance. These additional obligations could result in reduced profits and revenues or, in some cases, significant losses for us with respect to the joint venture, which could also affect our reputation in the industries we serve.

If our reports and opinions are not in compliance with professional standards and other regulations or without the appropriate disclaimers or in a misleading or incomplete manner, we could be subject to monetary damages and penalties.

We issue reports and opinions to clients based on our professional engineering expertise, as well as our other professional credentials. Our reports and opinions may need to comply with professional standards, licensing requirements, securities regulations, and other laws and rules governing the performance of professional services in the jurisdiction in which the services are performed. In addition, the reports and other work product we produce for clients sometimes include projections, forecasts and other forward-looking statements. Such information by its nature is subject to numerous risks and uncertainties, any of which could cause the information produced by us to ultimately prove inaccurate. Once we produce written reports for our clients, we do not always have the ability to control the manner in which our clients use such information, even if we include appropriate disclaimers in such written work product. As a result, if our clients reproduce such information to solicit funds from investors for projects without appropriate disclaimers or the information proves to be incorrect, or if our clients reproduce such information for potential investors in a misleading or incomplete manner, our clients or such investors may threaten to or file suit against us for, among other things, securities law violations.

We may be required to pay liquidated damages if we fail to meet milestone requirements in our contracts.

We may be required to pay liquidated damages if we fail to meet milestone requirements in our contracts. Failure to meet any of the milestone requirements could result in additional costs, and the amount of such additional costs could exceed the projected profits on the project. These additional costs include liquidated damages paid under contractual penalty provisions, which can be substantial and can accrue on a regular basis.

Risks Related to Growth and Acquisitions

Acquisitions could disrupt our operations and adversely impact our business, results of operations and financial condition as a result of our failure to conduct due diligence effectively, or our inability to successfully integrate the acquiree. This could impede us from realizing all of the benefits of the acquisitions, which could weaken our results of operations.

A key part of our growth strategy is to acquire other companies that complement our lines of business, broaden our technical capabilities and/or expand our geographic presence. We expect to continue to acquire companies as an element of our growth strategy; however, our ability to make acquisitions may be restricted by our inability to incur additional indebtedness and/or make unpermitted acquisitions or investments under our Credit Agreement. Our acquisition strategy may divert management's attention away from our existing businesses, resulting in the loss of key clients or key employees, and expose us to unanticipated problems or legal liabilities, including responsibility as a successor-in-interest for undisclosed or contingent liabilities of acquired businesses or assets.

Acquisitions involve certain known and unknown risks that could cause our actual growth or operating results to differ from our expectations or the expectations of securities analysts. If we fail to conduct due diligence on our potential targets effectively, we may, for example, not identify problems at target companies, or fail to recognize incompatibilities or other obstacles to successful integration. Our inability to successfully integrate future acquisitions within the intended timeframes or at all could impede us from realizing all of the benefits of those acquisitions and could severely weaken our business operations. The integration process may disrupt our business and, if implemented ineffectively, may preclude realization of the full benefits expected by us and could harm our results of operations. In addition, the overall integration of the combining companies may result in unanticipated problems, expenses, liabilities and competitive responses and may cause our stock price to decline.

Even if the operations of an acquisition are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all.

Further, acquisitions may cause us to issue common stock that would dilute our current stockholders' ownership percentage; use a substantial portion of our cash resources; increase our interest expense, leverage and debt service requirements (if we incur additional debt to pay for an acquisition); and assume liabilities, including environmental liabilities, for which we do not have indemnification from the former owners.

If we are not able to successfully manage our growth strategy, our business, results of operations and financial condition may be adversely affected.

Our expected future growth presents numerous managerial, administrative, operational, and other challenges. Our ability to manage the growth of our operations will require us to continue to improve our management information systems and our other internal systems and controls. In addition, our growth will increase our need to attract, develop, motivate, and retain both our management and professional employees. The inability to effectively manage our growth or the inability of our employees to achieve anticipated performance could have a material adverse effect on our business, results of operations and financial condition.

Moreover, our continued expansion into new states will increase our legal and regulatory risk. Our failure, or alleged failure, to comply with applicable laws and regulations in any new jurisdiction in which we operate, and ensuing inquiries or investigations by regulatory and enforcement authorities, may result in regulatory action, including suspension or revocation of one or more of our licenses, civil or criminal penalties or other disciplinary actions and restrictions on or suspension of some or all of our business operations. As a result, our business could suffer, our reputation could be harmed, one or more of our contracts with governmental or non-governmental entities could be terminated and we could be subject to additional legal risk. This could, in turn, increase the size and number of claims and damages asserted against us, subject us to additional regulatory investigations, enforcement actions or other proceedings or lead to increased regulatory or supervisory concerns. We cannot predict the timing or form of any current or future regulatory or law enforcement initiatives, and any such initiatives could have a material adverse effect on our business, results of operations and financial condition.

Our acquired businesses may underperform relative to our expectations.

We may not be able to maintain the levels of growth, revenue, earnings or operating efficiency that we and our acquired businesses have historically achieved or might achieve separately. The business and financial performance of an acquired business is subject to certain risks and uncertainties, including the risk of the loss of, or changes to, the acquired business's client relationships; the dependence of its business on a limited number of customers to generate substantially all of its revenue; the acquired business's reliance on subcontractors to meet its contractual obligations and the failure by such subcontractors to effectively perform their services in a timely manner; negative publicity or reputation from any prior investigations and settlements involving the acquired business; and reliance on the key personnel of the acquired business.

If our goodwill or other intangible assets become impaired, then our profits may be significantly reduced.

Because we have completed a number of acquisitions, goodwill and other intangible assets represent a substantial portion of our assets. Under Generally Accepted Accounting Principles in the United States, we are required to perform a goodwill impairment test for potential impairment at least on an annual basis. We also assess the recoverability of the unamortized balance of our intangible assets when indications of impairment are present based on expected future profitability and undiscounted expected cash flows and their contribution to our overall operations. The goodwill impairment test requires us to determine the fair value of our reporting units, which are the components at or one level below our reportable segments. In determining fair value, we make significant judgments and estimates, including assumptions about our strategic plans with regard to our operations. We also analyze current economic indicators and market valuations to help determine fair value. To the extent economic conditions that would impact the future operations of our reporting units change, our goodwill may be deemed to be impaired, and we would be required to record a non-cash charge that could result in a material adverse effect on our business, results of operations and financial condition. We had no goodwill impairment in fiscal years 2025, 2024, or 2023.

Risks Related to Our Regulatory Environment

We are subject to various routine and non-routine governmental reviews, audits and investigations, and unfavorable government audit results could force us to adjust previously reported operating results, could affect future operating results, could subject us to a variety of penalties and sanctions, and could result in harm to our reputation.

Government departments and agencies and their representatives may audit and review our contract performance, pricing practices, cost structure, financial capability and compliance with applicable laws, rules and regulations. Audits could raise issues that have significant adverse effects, including, among other things, substantial adjustments to our previously reported operating results and substantial effects on future operating results. Historically, we have not experienced significant disallowed costs as a result of government audits. However, we can provide no assurance that government audits will not result in material disallowances for incurred costs in the future. In addition, we must also comply with other government regulations related to employment practices, environmental protection, health and safety, tax, accounting, and anti-fraud measures, as well as many other regulations in order to maintain our government contractor status. For example, as a government contractor, we maintain plans to ensure compliance with nondiscrimination and regulatory requirements for qualified employees on the basis of gender, race, disability, and veteran status. Consequently, we may be subject to executive orders and regulatory changes affecting various aspects of our operations, including compliance with nondiscrimination plans. Any required elimination or modification of such plans in response to new executive orders could pose challenges in hiring or retaining employees, and may lead to other adverse operational impacts.

Laws and regulations applicable to us as a government contractor affect how we do business with our clients and, in some instances, impose additional costs on our business operations. Although we take precautions to prevent and deter fraud, misconduct, and non-compliance, we face the risk that our employees or outside partners may engage in misconduct, fraud, or other improper activities. If a government audit, review or investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, repayment of amounts already received under contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with federal and state and local government agencies and departments, any of which could adversely affect our reputation, our business, results of operations and financial condition, and/or the value of our stock. We may also lose business if we are found not to be sufficiently able to meet ongoing cash flow and financial obligations on a timely basis. In addition, we could suffer serious harm to our reputation and our stock price could decline if allegations of impropriety are made against us, whether true or not.

Legislation, policy, rules or regulations may be enacted that limit or change the ability of state, regional or local agencies to contract for our privatized services. Such changes would affect our ability to obtain new contracts and may decrease the demand for our services.

Legislation is proposed periodically, particularly in the states of California and New York, that attempts to limit the ability of governmental agencies to contract with private consultants to provide services. Should such changes occur and be upheld, demand for our services may be materially adversely affected. While attempts at such legislation have failed in the past, such measures could be adopted in the future.

Changes in energy, environmental, or infrastructure industry laws, regulations, and programs could directly or indirectly reduce the demand for our services, which could in turn negatively impact our revenue.

Some of our services are directly or indirectly impacted by changes in U.S. federal, state, or local laws and regulations pertaining to the energy, environmental, and infrastructure industries. Accordingly, a relaxation or repeal of these laws and regulations, or changes in governmental policies regarding the funding, implementation or enforcement of these programs, could result in a decline in demand for our services, which could in turn negatively impact our revenue.

General Risk Factors

Our bylaws, our certificate of incorporation and Delaware law contain provisions that could discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of our bylaws, our certificate of incorporation and Delaware law may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove our board of directors. These provisions include eliminating the ability of stockholders to call special meetings of stockholders; requiring at least a supermajority vote of the outstanding shares of our common stock for stockholders to amend our bylaws or certain provisions of our certificate of incorporation; not providing for cumulative voting in the election of directors, prohibiting stockholder action by written consent; establishing advance notice procedure for stockholders to make nominations of candidates for election as directors, or bring other business before an annual or special meeting of the stockholders; and authorizing the Board of Directors to issue “blank check” preferred stock or authorized but unissued shares of common stock without stockholder approval.

In addition, we are subject to Section 203 of the Delaware General Corporation Law. In general, subject to some exceptions, Section 203 prohibits a Delaware corporation from engaging in any business combination with any “interested stockholder” (which is generally defined as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation), for a three-year period following the date that the stockholder became an interested stockholder. Section 203 could have the effect of delaying, deferring or preventing a change in control that our stockholders might consider to be in their best interests.

Together, these charter and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby potentially reducing the likelihood that our stockholders could receive a premium for their common stock in an acquisition.

Cyber security breaches or other systems and information technology interruptions could result in liability, harm our reputation, impact our ability to operate, and other material adverse consequences.

We rely on computer, information, and communications technology and systems to operate. We store and process large amounts of confidential and other sensitive information concerning our employees, customers, contractors, and vendors. We also rely in part on third-party software and information technology vendors to run certain parts of our information technology systems and our business, and our ability to monitor these third parties’ information security practices is limited. These third parties may not have adequate information security measures in place. If the third parties with whom we work with experience a cyber security breach or other interruption, we could experience material adverse consequences.

In the ordinary course of business, we have been and may be in the future be targeted by malicious cyber-attacks. Cybersecurity attacks in particular are evolving, and we and the third parties with whom we work face the constant risk of cybersecurity threats, including, among other things, computer viruses, malicious code, social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software and hardware failures, attacks enhanced or facilitated by AI, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, encryption, access to, release or other compromise of confidential or sensitive information. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to material adverse consequences. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat

actors, “hacktivists,” organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors.

While we have implemented security measures designed to protect against cyber security breaches, there can be no assurance that these measures will be effective. Threat actors may also gain access to other networks and systems after a compromise of our networks and systems. For example, threat actors may use an initial compromise of one part of our environment to gain access to other parts of our environment, or leverage a compromise of our networks or systems to gain access to the networks or systems of third parties with whom we work, such as through phishing or supply chain attacks. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties with whom we work). We may not, however, detect and remediate all such vulnerabilities including on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a cyber security breach or other interruption.

Any of the previously identified or similar threats could cause a cyber security breach or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our confidential or sensitive information or our information technology systems, or those of the third parties with whom we work. For example, we have been the target of unsuccessful phishing attempts in the past, and expect such attempts will continue in the future. Applicable data privacy and security obligations may require us, or we may voluntarily choose, to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents, or to take other actions, such as providing credit monitoring and identity theft protection services.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Furthermore, our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations.

If we or the third parties with whom we work experience or are perceived to experience cybersecurity attacks or otherwise, we could experience material adverse consequences, such as suspending or stopping our operations, government enforcement actions, additional reporting requirements, litigation, and other harms, which could have a material adverse effect on our business, results of operations and financial condition, and could negatively impact our clients. Further, improper disclosure of confidential, proprietary or sensitive information of our employees, customers, contractors and vendors could harm our reputation and subject us to liability and other harms.

Data privacy risks, including evolving laws, regulations, and other obligations, may result in business interruption and increased costs and liabilities.

Laws, regulations and other obligations (including without limitation applicable guidance, industry standards, external and internal privacy and security policies and statements, and contractual requirements) relating to personal data and data privacy are constantly evolving, as federal, state, local and foreign governments adopt new measures addressing data privacy. Numerous U.S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These laws impose stringent obligations. For example, the California Consumer Privacy Act, as amended (“CCPA”), which applies to business representative and other types of personal data of California residents, provides for fines of up to \$7,988 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages.

We publish privacy policies, marketing materials and other statements concerning data privacy, and security. Regulators in the United States are increasingly scrutinizing these statements, and if these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, misleading, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences. Our privacy obligations, including applicable laws and regulations, may be interpreted or applied in a manner that is inconsistent with each other and may complicate our existing data privacy practices. Evolving compliance and operational requirements under the privacy laws of the jurisdictions in which we operate, regulations, and other obligations have become increasingly burdensome and complex. Our failure to comply (or perceived failure to comply) with these obligations could result in costly enforcement actions (including regulatory proceedings, investigations, fines, penalties, audits, and inspections), litigation (including class action claims) or mass arbitration demands, penalties and fines, require us to change our business practices or cause business interruptions, and may lead to liabilities and other harms.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk management and strategy

The Company has incorporated evaluation of cybersecurity threats into its overall risk management strategy. As such, we have established a cybersecurity program designed to address applicable legal requirements. Through its internally dedicated cybersecurity team, combined with cybersecurity-specific technologies and external cybersecurity service professionals, the Company assesses, identifies, and manages material risks from cybersecurity threats to its critical computer networks, hardware and software, and data.

The Company's cybersecurity team helps identify and assess risks from cybersecurity threats by monitoring and evaluating the Company's threat environment using various methods. Through the use of internal and external risk assessment audits of certain environments aimed at identifying potential areas of cybersecurity risk, external and internal monitoring alerts, and other external and internal tools (such as next generation endpoint security (EDR/XDR), SASE framework, next-gen firewalls, and external-party monitoring of endpoint and cloud security environments), the Company performs ongoing assessments of its cybersecurity risks that are designed to take into account the rapidly evolving cybersecurity threat landscape. Further, in conjunction with its ISO 27001 and SOC2 certifications, the Company undergoes annual external audits that include reviews of its cybersecurity risk assessment processes and policies.

In an attempt to manage and mitigate material risks from cybersecurity threats, the Company's cybersecurity risk management process includes certain preventive measures, detective controls, and incident response procedures, depending on the environment and systems. This includes implementing security controls in certain environments and systems, ongoing monitoring of certain environments and systems, adopting response protocols for security incidents, and maintaining cybersecurity insurance. The Company's cybersecurity risk management approach is periodically reviewed by management and certain external service professionals to assess whether any changes are needed to reflect changing threats.

In addition, assessment and management of material risks from cybersecurity threats are integrated into the Company's risk management strategy. For example, our cybersecurity team works with management to prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 1A. Risk Factors in this Annual Report on Form 10-K, "*Cyber security breaches or other systems and information technology interruptions could result in liability, harm our reputation, impact our ability to operate, and other material adverse consequences.*"

The Company engages third-party cybersecurity consultants and auditors who help the cybersecurity team in identifying, assessing, and managing material risks from cybersecurity threats, including by evaluating and enhancing the Company's cybersecurity posture. The Company also engages third-party service providers to perform a variety of functions throughout its business. The Company performs due diligence before engaging with certain third-party service providers designed to evaluate the service providers' cybersecurity practices, including their security policies, incident response capabilities, and data protection measures; including specific cybersecurity requirements in contracts with certain third-party service providers, such as regarding security standards, data protection, and incident reporting as applicable; and monitoring and auditing certain third-party service providers' cybersecurity practices and compliance with contractual obligations. Depending on the nature of the services provided, the sensitivity of the information systems and data at issue, and the identity of the provider, the Company's vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider and impose contractual obligations related to cybersecurity on the provider.

Governance

The Board addresses the Company's cybersecurity risk management as part of its general oversight function. The Board is responsible for overseeing Company's cybersecurity risk management processes, including oversight and mitigation of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by the certain members of Company management, including those who are part of the Company's cybersecurity team. The Company's cybersecurity team is comprised of individuals with expertise in cybersecurity, information technology, risk management, and Company operations. Our cybersecurity team has decades-long experience in cybersecurity and holds industry-standard certifications including Certified Information Systems Security Professional ("CISSP"), and Certified Cloud Security Professional ("CCSP"), among others.

Management is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel. Management is responsible for approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

The Company's cybersecurity incident response plan is designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including the Company's President and Chief Executive Officer, Chief Financial Officer, and General Counsel (collectively, "Executive Management"). Executive Management works with the Company's incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's incident response plan includes reporting to the Board for certain cybersecurity incidents.

The Company's Board provides oversight of cybersecurity risk and regularly receives updates from the Company's cybersecurity team. These updates cover topics that include cybersecurity team member updates, cybersecurity infrastructure updates, improvement in cyber-security tools and technologies, cybersecurity framework compliance, cyber-risk hardware/software enhancement updates, cybersecurity threats and mitigation measures, and more. The Board also has access to various reports, summaries or presentations related to cybersecurity threats, risk and mitigation.

ITEM 2. PROPERTIES

Our corporate headquarters is located at 2401 East Katella Avenue, Anaheim, California, where we lease approximately 18,000 square feet of office space. In addition, we lease office space in 48 other locations nationwide. In addition to the U.S. locations, we also have one office in Canada and one office in the Commonwealth of Puerto Rico. In total, our facilities contain approximately 224,000 square feet of office space and are subject to leases that expire through 2034. We rent a small portion of this total space on a month-to-month basis. We believe that our existing facilities are adequate to meet current requirements and that suitable additional or substitute space will be available as needed to accommodate any expansion of operations and for additional offices.

ITEM 3. 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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Since November 21, 2006, the common stock of Willdan Group, Inc. has been listed and traded on the Nasdaq Global Market under the symbol "WLDN".

Stockholders

As of February 25, 2026, there were 197 stockholders of record of our common stock. This number does not include persons who hold our common stock in nominee or "street name" accounts through brokers or banks.

Dividends

We did not declare or pay cash dividends on our common stock in fiscal years 2025, 2024, or 2023.

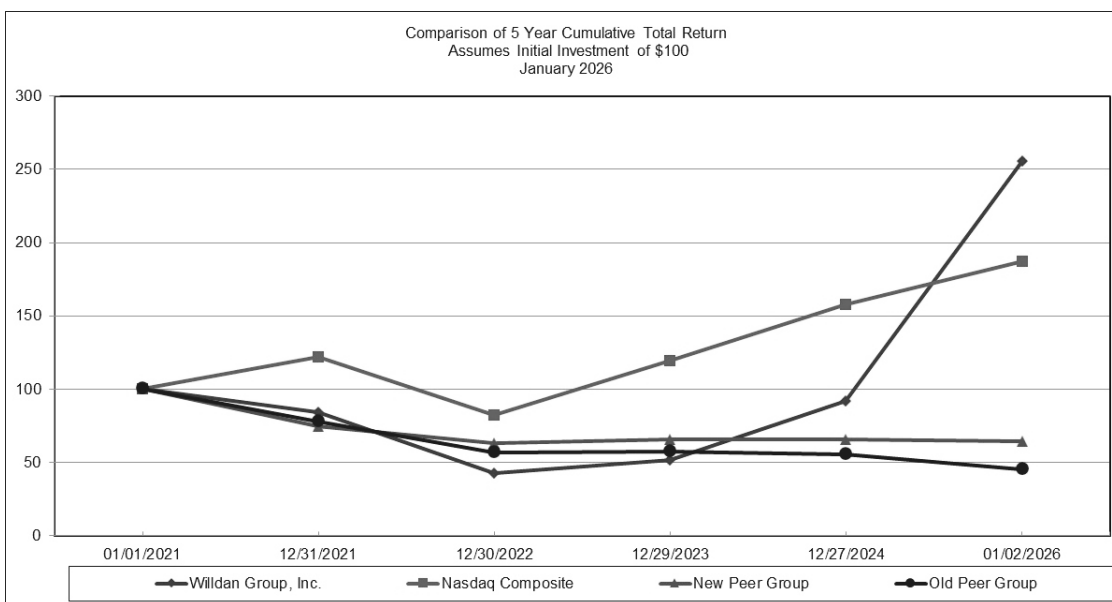
We currently expect to retain all available funds and future earnings, if any, for use in the operation and growth of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors, subject to compliance with applicable law and any contractual provisions, including under the Credit Agreement and agreements governing any additional indebtedness we may incur in the future, that restrict or limit our ability to pay dividends, and will depend upon, among other factors, our results of operations, financial condition, earnings, capital requirements and other factors that our board of directors deems relevant. Because we are a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under our existing or future indebtedness.

Performance Graph

The following graph compares the 5-year cumulative total stockholder return of our common stock with the cumulative total return of the Nasdaq Composite and a customized peer group. The companies included in our customized peer group represent our definitive Proxy peer group which is reviewed annually and revised as necessary. In the event that a peer group company is acquired and/or delisted, we remove that company from our peer group on such corresponding acquisition date and/or delisting date.

The customized peer group consists of Ameresco, Inc., American Superconductor Corporation, Bowman Consulting Group Ltd., C3.ai, Inc., CECO Environmental Corporation, CRA International Inc., Exponent, Inc., Huron Consulting Group, Inc., ICF International, Inc., Limbach Holdings, Inc., LSI Industries Inc., Montrose Environmental Group, Inc., Shoals Technologies Group, Inc, Thermon Group Holdings, Inc., and TIC Solutions. The old peer group consisted of American Superconductor Corporation, Ameresco, Inc., Bowman Consulting Group Ltd., C3.ai, Inc., Exponent, Inc., ICF International, Inc., Iteris, Inc., Limbach Holdings, Inc., LSI Industries Inc., Montrose Environmental Group, Inc., NV5 Global, Inc., Quest Resource Holding Corporation, RCM Technologies, Inc., Resource Connection, Inc., and Stem, Inc.

The peer group investment is weighted by market capitalization as of January 1, 2021 and is adjusted monthly. An investment of \$100, with reinvestment of all dividends, is assumed to have been made in our common stock, in the peer group, and in the Nasdaq Composite on January 1, 2021, and the relative performance of each is tracked through and including January 2, 2026. The stock price performance shown in the graph is not necessarily indicative of future stock price performance.



Recent Sales of Unregistered Securities

None.

Issuer Repurchases of Equity Securities

During the fiscal quarter ended January 2, 2026, 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
October 4, 2025 – October 31, 2025	3,049	\$94.51	—	—
November 1, 2025 – November 28, 2025	611	\$94.51	—	—
November 29, 2025 – January 2, 2026	—	—	—	—
TOTAL	3,660	\$94.51	—	—

ITEM 6. [RESERVED]

ITEM 7. 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 analytics, we plan, design and deliver comprehensive, innovative, cost-effective, 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. 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 services include comprehensive audit and surveys, program design, master planning, demand reduction, grid optimization, benchmarking analyses, design engineering, AI data center power solutions, 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 and construction management, building and safety services, city engineering and planning support, civil design, geotechnical services, and material testing. Our capabilities span traffic, bridges, rail, port, water systems, and other major infrastructure projects. In addition to technical expertise, we provide economic and financial consulting that helps agencies plan, fund, and maintain both daily operations and long-term capital programs. 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

Summary comparison of fiscal years 2025, 2024, and 2023

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

	Fiscal Year					
	2025		2024		2023	
	<i>(in thousands, except percentages)</i>					
Contract revenue	\$ 681,552	100.0 %	\$ 565,798	100.0 %	\$ 510,095	100.0 %
Direct costs of contract revenue:						
Salaries and wages	109,098	16.0	93,543	16.5	89,915	17.6
Subcontractor services and other direct costs	316,772	46.5	269,473	47.6	240,413	47.1
Total direct costs of contract revenue	425,870	62.5	363,016	64.2	330,328	64.8
Gross profit	255,682	37.5	202,782	35.8	179,767	35.2
General and administrative expenses:						
Salaries and wages, payroll taxes and employee benefits	125,736	18.4	105,373	18.6	95,556	18.7
Facilities and facilities related	9,717	1.4	9,718	1.7	9,565	1.9
Stock-based compensation	11,825	1.7	7,388	1.3	5,323	1.0
Depreciation and amortization	18,686	2.7	14,745	2.6	16,431	3.2
Other	45,571	6.7	34,205	6.0	30,818	6.0
Total general and administrative expenses	211,535	31.0	171,429	30.3	157,693	30.9
Income (loss) from operations	44,147	6.5	31,353	5.5	22,074	4.3
Other income (expense):						
Interest expense	(5,748)	(0.8)	(7,801)	(1.4)	(9,413)	(1.8)
Other, net	1,595	0.2	3,127	0.6	1,930	0.4
Total other income (expense)	(4,153)	(0.6)	(4,674)	(0.8)	(7,483)	(1.5)
Income (Loss) before income tax expense	39,994	5.9	26,679	4.7	14,591	2.9
Income tax expense (benefit)	(12,563)	(1.8)	4,109	0.7	3,665	0.7
Net income (loss)	\$ 52,557	7.7	\$ 22,570	4.0	\$ 10,926	2.1

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

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

	2025		
	Energy	Engineering and Consulting	Total
	<i>(in thousands)</i>		
Contract Type			
Time-and-materials	\$ 49,898	\$ 72,100	\$ 121,998
Unit-based	215,499	26,235	241,734
Fixed price	310,654	7,166	317,820
Total ⁽¹⁾	<u>\$ 576,051</u>	<u>\$ 105,501</u>	<u>\$ 681,552</u>
Client Type			
Commercial	\$ 70,871	\$ 7,029	\$ 77,900
Government	227,497	98,233	325,730
Utilities ⁽²⁾	277,683	239	277,922
Total ⁽¹⁾	<u>\$ 576,051</u>	<u>\$ 105,501</u>	<u>\$ 681,552</u>
Geography ⁽³⁾			
Domestic	<u>\$ 576,051</u>	<u>\$ 105,501</u>	<u>\$ 681,552</u>
	2024		
	Energy	Engineering and Consulting	Total
	<i>(in thousands)</i>		
Contract Type			
Time-and-materials	\$ 34,381	\$ 67,931	\$ 102,312
Unit-based	205,117	19,676	224,793
Fixed price	233,811	4,882	238,693
Total ⁽¹⁾	<u>\$ 473,309</u>	<u>\$ 92,489</u>	<u>\$ 565,798</u>
Client Type			
Commercial	\$ 34,072	\$ 7,548	\$ 41,620
Government	182,079	84,695	266,774
Utilities ⁽²⁾	257,158	246	257,404
Total ⁽¹⁾	<u>\$ 473,309</u>	<u>\$ 92,489</u>	<u>\$ 565,798</u>
Geography ⁽³⁾			
Domestic	<u>\$ 473,309</u>	<u>\$ 92,489</u>	<u>\$ 565,798</u>
	2023		
	Energy	Engineering and Consulting	Total
	<i>(in thousands)</i>		
Contract Type			
Time-and-materials	\$ 35,582	\$ 63,530	\$ 99,112
Unit-based	199,040	15,753	214,793
Fixed price	192,354	3,836	196,190
Total ⁽¹⁾	<u>\$ 426,976</u>	<u>\$ 83,119</u>	<u>\$ 510,095</u>
Client Type			
Commercial	\$ 31,162	\$ 5,866	\$ 37,028
Government	159,935	76,972	236,907
Utilities ⁽²⁾	235,879	281	236,160
Total ⁽¹⁾	<u>\$ 426,976</u>	<u>\$ 83,119</u>	<u>\$ 510,095</u>
Geography ⁽³⁾			
Domestic	<u>\$ 426,976</u>	<u>\$ 83,119</u>	<u>\$ 510,095</u>

(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 were not material for fiscal years 2025, 2024, and 2023.

Fiscal Year 2025 Compared to Fiscal Year 2024

Contract revenue. Consolidated contract revenue increased \$115.8 million, or 20.5%, in fiscal year 2025 compared to fiscal year 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 \$102.7 million, or 21.7%, in fiscal year 2025 compared to fiscal year 2024, primarily as a result of higher construction management revenues, increased demand for energy efficiency and electrification services under utility programs, 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 \$13.1 million, or 14.1%, in fiscal year 2025 compared to fiscal year 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 \$62.9 million, or 17.3%, in fiscal year 2025 compared to fiscal year 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 46.5% in fiscal year 2025, from 47.6% in fiscal year 2024, and direct salaries and wages decreased to 16.0% in fiscal year 2025, from 16.5% in fiscal year 2024.

Direct costs of contract revenue in our Energy segment increased \$57.0 million, or 17.8%, in fiscal year 2025 compared to fiscal year 2024. Direct costs of contract revenue in our Engineering and Consulting segment increased \$5.9 million, or 14.0%, in fiscal year 2025 compared to fiscal year 2024.

Subcontractor services and other direct costs increased \$47.3 million, or 17.6%, in fiscal year 2025 compared to fiscal year 2024, primarily due to the increase in construction management revenues and utility program revenues, which utilize a higher percentage of material cost and installation subcontracting. Salaries and wages increased by \$15.6 million, or 16.6%, in fiscal year 2025 compared to fiscal year 2024, primarily as a result of the increases in contract revenue as described above.

Gross Profit. Gross profit increased 26.1% to \$255.7 million, or a 37.5% gross margin, for fiscal year 2025 compared to \$202.8 million, or a 35.8% gross margin for fiscal year 2024. The increase in 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 by \$40.1 million, or 23.4%, in fiscal year 2025 compared to fiscal year 2024. G&A expenses consisted of an increase of \$30.3 million in the Energy segment combined with an increase of \$3.8 million in the Engineering and Consulting segment, and the remaining increase in unallocated corporate expenses.

The overall increase in G&A expenses consisted of an increase of \$20.4 million in salaries and wages, payroll taxes and employee benefits, an increase of \$11.4 million in other general and administrative expenses, the increase of \$4.4 million in stock-based compensation, and an increase of \$3.9 million in depreciation and amortization. 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 stock-based compensation expenses was primarily related to new stock grants to current employees, executives and Board of Directors at a higher stock price. The increase in depreciation and amortization was primarily related to higher amortization of intangible assets from recent acquisitions.

Income (loss) from operations. Operating income increased 40.8% to \$44.1 million for fiscal year 2025, compared to an operating income of \$31.4 million for fiscal year 2024, as a result of the factors noted above.

Total other expense, net. Total other expense, net, decreased \$0.5 million, or 11.1%, in fiscal year 2025 compared to fiscal year 2024. The decrease in total other expense, net is primarily due to lower interest expense resulting from the reduced interest rate spread derived from lower debt leverage levels under our credit facilities combined with interest income from interest of our cash balances being partially offset by a one-time charge for unamortized debt issuance costs related to our prior credit facilities and a one-time charge related to a facilities lease modifications.

Income tax expense (benefit). We recorded a tax benefit of \$12.6 million for fiscal year 2025, an effective tax benefit rate of 31.4% on income before income tax expense, compared to a tax expense of \$4.1 million for fiscal year 2024, an effective tax rate of 15.4% 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 \$52.6 million for fiscal year 2025, as compared to a net income of \$22.6 million for fiscal year 2024. The increase in net income was primarily attributable to the increase in income from operations combined with a lower effective tax rate.

Fiscal Year 2024 Compared to Fiscal Year 2023

Contract revenue. Consolidated contract revenue increased \$55.7 million, or 10.9%, in fiscal year 2024 compared to fiscal year 2023, due to incremental revenues in both our Energy segment and in our Engineering and Consulting segment.

Contract revenue in our Energy segment increased \$46.3 million, or 10.9%, in fiscal year 2024 compared to fiscal year 2023, primarily as a result of higher construction management revenues for government clients and increased demand for energy efficiency and electrification services under utility programs. Contract revenue in our Engineering and Consulting segment increased \$9.4 million, or 11.3%, in fiscal year 2024 compared to fiscal year 2023, primarily due to increased demand for services provided to our clients.

Direct costs of contract revenue. Direct costs of consolidated contract revenue increased \$32.7 million, or 9.9%, in fiscal year 2024 compared to fiscal year 2023, primarily as a result of the increase, and change of mix, in contract revenues as described above. As a percentage of contract revenue, direct salaries and wages decreased to 16.5% in fiscal year 2024, from 17.6% in fiscal year 2023, while subcontractor services and other direct costs increased to 47.6% in fiscal year 2024, from 47.1% in fiscal year 2023.

Direct costs of contract revenue in our Energy segment increased \$30.2 million, or 10.4%, in fiscal year 2024 compared to fiscal year 2023. Direct costs of contract revenue in our Engineering and Consulting segment increased \$2.5 million, or 6.4%, in fiscal year 2024 compared to fiscal year 2023.

Subcontractor services and other direct costs increased \$29.1 million, or 12.1%, in fiscal year 2024 compared to fiscal year 2023, primarily due to the increase in construction management revenues, which utilize a higher percentage of material cost and installation subcontracting. Salaries and wages increased by \$3.6 million, or 4.0%, in fiscal year 2024 compared to fiscal year 2023, primarily as a result of the increases in contract revenue as described above.

Gross Profit. Gross profit increased 12.8% to \$202.8 million, or a 35.8% gross margin, for fiscal year 2024 compared to \$179.8 million, or a 35.2% gross margin for fiscal year 2023. The increase in 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 by \$13.7 million, or 8.7%, in fiscal year 2024 compared to fiscal year 2023. G&A expenses consisted of an increase of \$7.4 million in the Energy segment combined with an increase of \$4.2 million in the Engineering and Consulting segment, and an increase of \$2.1 million in unallocated corporate expenses.

Within G&A expenses, the increase of \$9.8 million in salaries and wages, payroll taxes and employee benefits, combined with the increase of \$3.4 million in other general and administrative expenses, and the increase of \$2.1 million

in stock-based compensation was partially offset by a decrease of \$1.7 million in depreciation and amortization. The increase in salaries and wages, payroll taxes and employee benefits was primarily due to an increase in incentive compensation, consistent with the improvement in operating profit, and higher fringe benefit costs, combined with increases in employee headcount. The increase in other general and administrative expenses was primarily due to increased professional service fees and computer-related expenses. The increase in stock-based compensation expenses was primarily related to new stock grants to current employees and executives at a higher stock price. The decrease in depreciation and amortization was primarily related to lower amortization of intangible assets from acquisitions prior to fiscal year 2024.

Income (loss) from operations. Operating income increased 42.0% to \$31.4 million for fiscal year 2024, compared to an operating income of \$22.1 million for fiscal year 2023, as a result of the factors noted above.

Total other expense, net. Total other expense, net, decreased \$2.8 million, or 37.5%, in fiscal year 2024 compared to fiscal year 2023. The decrease in total other expense, net is primarily due to lower interest expense resulting from the reduced interest rate spread derived from lower debt leverage levels under our Credit Facilities, combined with increased income from interest as a result of our higher cash balances.

Income tax expense (benefit). We recorded an income tax expense of \$4.1 million for fiscal year 2024, compared to a tax expense of \$3.7 million for fiscal year 2023. The tax expense is primarily attributable to the income before income tax combined with increases in discrete items related to stock compensation and additional energy efficiency building deductions. Compared to prior year, the lower effective tax rate in fiscal year 2024 resulted from increased deductions for energy efficiency building deductions.

Net income (loss). Our net income was \$22.6 million for fiscal year 2024, as compared to a net income of \$10.9 million for fiscal year 2023. The increase in net income was primarily attributable to the increase in income from operations combined with the decrease in total other expense and lower effective tax rate.

Liquidity and Capital Resources

	Fiscal Year		
	2025	2024	2023
	<i>(in thousands)</i>		
Net cash provided by (used in):			
Operating activities	\$ 80,084	\$ 72,073	\$ 39,214
Investing activities	(45,632)	(15,743)	(11,457)
Financing activities	(42,691)	(5,569)	(23,845)
Net increase (decrease) in cash and cash equivalents	<u>\$ (8,239)</u>	<u>\$ 50,761</u>	<u>\$ 3,912</u>

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 “Credit Facilities”). We believe that these sources will be sufficient to finance our operating activities for at least the next 12 months.

As of January 2, 2026, we had a fully drawn \$50.0 million term loan with \$48.8 million outstanding, a \$100.0 million Revolving Credit Facility with no borrowed amounts and \$1.6 million in letters of credit issued, and a \$50.0 million Delayed Draw Term Loan which has not been drawn on. The Delayed Draw Term Loan must be drawn before May 2027. The Credit Facilities are each scheduled to mature on May 5, 2030. In addition to the Credit Facilities, as of January 2, 2026, we had \$65.9 million of unrestricted cash and cash equivalents.

As of January 2, 2026, we were in compliance with the covenants contained in the Credit Agreement and 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 5.3%. See Part II, Item 8, Note 5, “*Debt Obligations*”, of the Notes to

Consolidated Financial Statements included in this Annual Report on Form 10-K, 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.

Cash Flows from Operating Activities

Cash flows provided by operating activities were \$80.1 million, \$72.1 million, and \$39.2 million for fiscal years 2025, 2024, and 2023, respectively. 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 fiscal year 2025 resulted primarily from the increase in earnings supplemented by lower working capital requirements to support the expansion and changing mix of revenue. Cash flows provided by operating activities for fiscal year 2024 resulted primarily from the increase in earnings, and lower working capital requirements resulting from more robust billing and payment terms and the timing of collections at the end of the fiscal year. Cash flows provided by operating activities for fiscal year 2023 resulted primarily from the increase in earnings, combined with lower working capital requirements.

Cash Flows from Investing Activities

Cash flows used in investing activities were \$45.6 million, \$15.7 million, and \$11.5 million for fiscal years 2025, 2024, and 2023, respectively. Cash flows used in investing activities for fiscal year 2025 were primarily due to cash paid for acquisitions, combined with cash paid for the internal development of proprietary software and the purchase of computers and equipment. Cash flows used in investing activities for fiscal year 2024 were primarily due to cash paid for an acquisition, combined with cash paid for the internal development of proprietary software and the purchase of computers and equipment. Cash flows used in investing activities for fiscal year 2023 were primarily due to cash paid for the development of proprietary software and the purchase of computers and other equipment.

Cash Flows from Financing Activities

Cash flows used in financing activities were \$42.7 million, \$5.6 million and \$23.8 million for fiscal years 2025, 2024 and 2023, respectively. Cash flows used in financing activities for fiscal year 2025 were primarily attributable to the \$39.7 million cash used to pay down our Revolving Credit Facility, \$5.5 million cash used to pay withholding taxes on stock grants, \$1.5 million principal payments on finance leases, partially offset by \$3.2 million of proceeds from sales of common stock under employee stock purchase plan and \$2.8 million in proceeds from stock option exercises. Cash flows used in financing activities for fiscal year 2024 were primarily attributable to the repayments of \$8.1 million under our Term Loan, \$1.4 million principal payments on finance leases, and \$1.4 million cash used to pay withholding taxes on stock grants, partially offset by \$2.8 million of proceeds from sales of common stock under employee stock purchase plan and \$2.8 million in proceeds from stock option exercises. Cash flows used in financing activities for fiscal year 2023 were primarily attributable to the disbursement of \$10.7 million in restricted cash for utility rebate incentives, payments of \$4.0 million for contingent consideration related to prior acquisitions, combined with principal reductions of \$7.9 million under our term loan facility and line of credit, which resulted primarily from refinancing our Prior Credit Facility.

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 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 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 January 2, 2026:

Contractual Obligations	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
			<i>(in thousands)</i>		
Debt ⁽¹⁾	\$ 48,462	\$ 2,500	\$ 4,857	\$ 41,105	\$ —
Interest payments on debt outstanding ⁽²⁾	10,450	2,556	4,712	3,182	—
Operating leases	18,432	4,670	6,243	3,577	3,942
Finance leases	2,387	1,225	1,129	33	—
Total contractual cash obligations	<u>\$ 79,731</u>	<u>\$ 10,951</u>	<u>\$ 16,941</u>	<u>\$ 47,897</u>	<u>\$ 3,942</u>

⁽¹⁾ Debt includes \$48.5 million outstanding on our Term Loan A (“TLA”), net of issuance costs, no borrowed amounts outstanding on our Revolving Credit Facility, and no borrowed amounts outstanding on our Delayed Draw Term Loan as of January 2, 2026. We have assumed no future borrowings or repayments after January 2, 2026 (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 January 2, 2026.

We have contingent obligations to make earnout payments in connection with our acquisitions of Enica Engineering, PLLC. (“Enica”), Alternative Power Generation, Inc. (“APG”) and Compass Municipal Advisors, LLC. (“Compass”), 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. We 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. We are obligated to pay up to \$1.0 million in cash if Compass exceeds certain financial targets during the one year after the Compass closing date of January 2, 2026. As of January 2, 2026, we had contingent consideration payable of \$20.4 million related to the acquisitions of Enica, APG, and Compass. Through the twelve months ended January 2, 2026, our statement of operations includes \$3.2 million of interest accretion (excluding fair value adjustments) related to the contingent consideration.

Outstanding Indebtedness

See Part II, Item 8, Note 5, “Debt Obligations”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K 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.

Insurance Premiums

We have also financed, from time to time, insurance premiums by entering into unsecured notes payable with insurance companies. See part II, Item 8, Note 5, “*Debt Obligations*”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for information regarding our financing arrangements related to our insurance premiums.

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 7A, “*Quantitative and Qualitative Disclosures About Market Risk*”, and Note 4, “*Derivatives*”, to the Notes of Consolidated Financial Statements included in this Annual Report on Form 10-K.

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 immaterial 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.

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 January 2, 2026, 18% of our contracts are time-and-materials contracts, 35% are unit-based contracts, and 47% are fixed price contracts, compared to 18% for time-and-materials contracts, 40% for unit-based contracts, and 42% for fixed price contracts, as of December 27, 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 on 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 Duke Energy Corp., 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, stock-based compensation, 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, including interest accretion on contingent consideration. We expense general and administrative costs when incurred.

Critical Accounting Policies

This discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared 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 provided a summary of our significant accounting policies in Part II, Item 8, Note 1, “*Organization and Operations of the Company*”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. We describe below those accounting policies that require material subjective or complex judgments and that have the most significant impact on our financial condition and results of operations. Our management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions management believes are reasonable as of the date of this report.

Contract Assets and Liabilities

Billing practices are governed by the contract terms of each project based upon costs incurred, achievement of milestones or pre-agreed schedules. Billings in any given fiscal period do not necessarily correlate with revenue recognized for that period. Contract assets include unbilled amounts typically resulting from revenue under contracts where the percentage-of-completion method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer and right to repayment is not unconditional. Contract assets also include retainage amounts withheld from billings to our clients pursuant to provisions in our contracts and other revenues earned but not billed in the current period. Contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue.

Contract Accounting

We enter into contracts with our clients that contain various types of pricing provisions, including fixed price, time-and-materials, and unit-based provisions. We recognize 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, we identify a contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation in the contract and recognize revenue when (or as) we satisfy a performance obligation.

The following table reflects our 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 our contracts will continue to be 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. We use the percentage-of-completion method to better match the level of work performed at a certain point in time in relation to our effort that will be required to complete a project. In addition, the percentage-of-completion method is a common method of revenue recognition in our industry.

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. 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. We recognize 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 our 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, we recognize 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 consolidated balance sheets. We also derive revenue from software licenses and professional services and maintenance fees. In accordance with ASC 606, we perform 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. In cases where the standalone selling price of the software license is not present, we utilize the residual approach by which we estimate 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, usually which is the life of the contract.

To determine the proper revenue recognition method for contracts, we evaluate 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 our 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 we provide a significant service of integrating a complex set of tasks and components into a single project or capability.

We 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, we evaluate 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 our consolidated contract revenue.

Contracts that cover multiple phases or elements of the project or service lifecycle (development, design, 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, we allocate 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 we do 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 we forecast our expected costs of satisfying a performance obligation and then adds an appropriate margin for the distinct good or service.

We provide 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. We do not consider these types of warranties to be separate performance obligations.

In some cases, we have a master service or blanket agreement with a customer under which each task order releases us 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 our 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. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on assessments of legal enforceability, our performance, and all information (historical, current and forecasted) that is reasonably available to us.

Due to the nature of the work required to be performed on many of our 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 our contracts, we review and update our contract-related estimates regularly through a company-wide disciplined project review process in which management reviews the progress and execution of our 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.

We recognize 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, we recognize the total loss in the period it is identified.

Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new rights or obligations or changes the existing enforceable rights or obligations. Most of our 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 our 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, we account for such contract modifications as a separate contract.

We include 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.

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based upon our 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. 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.

For further information on the types of contracts under which we perform our services, see Part II, Item 8, Note 1, “*Organization and Operations of the Company*”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Goodwill

We test our goodwill at least annually for possible impairment. We complete our annual testing of goodwill as of the last day of the first month of our fourth fiscal quarter each year to determine whether there is impairment. In addition to our annual test, we regularly evaluate whether events and circumstances have occurred that may indicate a potential impairment of goodwill. We did not recognize any goodwill impairment charges in fiscal years 2025, 2024, or 2023.

We test our goodwill for impairment at the level of our reporting units, which are components of our operating segments. In January 2017, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) Update No. 2017-04 (“ASU 2017-04”), *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. This accounting guidance eliminates the requirement to compare the implied fair value of reporting unit goodwill with the carrying amount of that goodwill (commonly referred to as Step 2) from the goodwill impairment test. The new standard does not change how a goodwill impairment is identified. We will continue to perform our quantitative and qualitative goodwill impairment test by comparing the fair value of each reporting unit to its carrying amount, but if we are required to recognize a goodwill impairment charge, under the new standard the amount of the charge will be calculated by subtracting the reporting unit’s fair value from its carrying amount. Under the prior standard, if we were required to recognize a goodwill impairment charge, Step 2 required us to calculate the implied value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination and the amount of the charge was calculated by subtracting the reporting unit’s implied fair value of goodwill from its actual goodwill balance.

To estimate the fair value of our reporting units, we use both an income approach based on management’s estimates of future cash flows and other market data and a market approach based upon multiples of earnings before interest, taxes, depreciation and amortization, or EBITDA, earned by similar public companies. Once the fair value is determined, we then compare the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is determined to be less than the carrying value, we perform an additional assessment to determine the extent of the impairment based on the implied fair value of goodwill compared with the carrying amount of the goodwill. In the event that the current implied fair value of the goodwill is less than the carrying value, an impairment charge is recognized.

Inherent in such fair value determinations are significant judgments and estimates, including but not limited to assumptions about our future revenue, profitability and cash flows, our operational plans and our interpretation of current economic indicators and market valuations. To the extent these assumptions are incorrect or economic conditions that would impact the future operations of our reporting units change, any goodwill may be deemed to be impaired, and an impairment charge could have in a material impact on our financial position or results of operation. Almost all of our goodwill is contained in our Energy segment, with the remainder in our Engineering and Consulting segment. At our measurement date, the estimated fair value of our Energy segment exceeded its carrying value. Any reduction in the

estimated fair value of our Energy segment could result in an impairment charge of goodwill associated with this segment in future periods.

Business Combinations

The acquisition method of accounting for business combinations requires us to use significant estimates and assumptions, including fair value estimates, as of the business combination date. For reporting periods prior to the completion of our procedures to value assets and liabilities, the acquisition method requires us to refine those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which we may adjust the provisional amounts recognized for a business combination) based upon new information about facts that existed on the business combination date.

Under the acquisition method of accounting, we recognize separately from goodwill the identifiable assets acquired, the liabilities assumed, and any non-controlling interests in an acquiree, at the acquisition date fair value. We measure goodwill as of the acquisition date as the excess of consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Costs that we incur to complete the business combination such as investment banking, legal and other professional fees are not considered part of consideration. We charge these acquisition costs to other general and administrative expense as they are incurred.

Should the initial accounting for a business combination be incomplete by the end of a reporting period that falls within the measurement period, we report provisional amounts in our financial statements. During the measurement period, we adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date and we record those adjustments to our financial statements. We recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, including the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date.

During fiscal year 2025, we acquired all the equity of Compass Municipal Advisors, LLC. (“Compass”), acquired all of the capital stock of Alternative Power Generation, Inc. (“APG”) and acquired all of the capital stock of Alpha Inspections, Inc. (“Alpha”). As of January 2, 2026, had completed our final estimate of fair value of the assets acquired relating to the acquisition of APG and Alpha but had not yet completed our final estimate of fair value of the assets acquired relating to the acquisition of Compass due to the timing of the transactions and lack of complete information necessary to finalize such estimates of fair value. Accordingly, we have preliminarily estimated the fair values of the Compass assets acquired and will finalize such fair value estimates within twelve months of the Compass Closing Date. During fiscal year 2024, we acquired substantially all of the assets of Enica on October 23, 2024. During fiscal year 2023, we did not have any material acquisitions.

For further discussion of our acquisitions, see Part II, Item 8, Note 13, “*Business Combinations*” of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

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 II, Item 8, Note 2, “*Recent Accounting Pronouncements*”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

ITEM 7A. 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 January 2, 2026, we had cash and cash equivalents of \$65.9 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 January 2, 2026, the Company had a fully drawn \$50.0 million TLA with \$48.8 million outstanding, a \$100.0 million Revolving Credit Facility with no borrowed amounts, 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.

Pursuant to the Amended and Restated Credit Agreement, (as described in Part II, Item 8, Note 5, “*Debt Obligations*,” of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K), 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 Secured Overnight Financing Rate (“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. Based upon the amount of our outstanding indebtedness as of January 2, 2026, a one percentage point increase in the effective interest rate, inclusive of our interest rate swap agreement, would change our annual interest expense by approximately \$0.5 million in fiscal year 2025.

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).

On November 30, 2023, we entered into an interest rate swap agreement for \$50.0 million notional amount. The interest swap agreement was designated as a cash flow hedge to fix the variable interest rate on a portion of the outstanding principal amount under our Term Loan. The interest rate swap fixed rate is 4.77% and expires on September 29, 2026.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

Stockholders and the Board of Directors of Willdan Group, Inc.
Anaheim, California

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Willdan Group, Inc. (the "Company") as of January 2, 2026 and December 27, 2024, the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended January 2, 2026, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of January 2, 2026, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 2, 2026 and December 27, 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended January 2, 2026 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 2, 2026, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Controls Over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. As permitted, the Company has excluded the operations of Compass Municipal Advisors, LLC, Alternative Power Generation, Inc., and Alpha Inspections, Inc., acquired during the fiscal year ended January 2, 2026, which is described in Note 13 of the consolidated financial statements, from the scope of management's report on internal control over financial reporting. As such, they have also been excluded from the scope of our audit of internal control over financial reporting. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Estimated costs to complete on fixed price contracts

As discussed in Note 1 to the consolidated financial statements, revenues from fixed price contracts are recognized over time since control of the services is transferred continuously to the client. Generally, revenue is recognized using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying the Company's performance obligations.

We identified auditing management's estimates of costs to complete on select fixed price contracts to be a critical audit matter. The critical audit matter relates to select long-term fixed price construction contracts, based on magnitude of estimated costs to complete and the stage of completion of the contract. These estimates require management to make assumptions about future events and, as a result, a high degree of auditor judgment is involved in auditing these estimates. Due to the factors above, auditing management's estimates of costs to complete required extensive audit procedures.

Our audit procedures related to the evaluation of estimated costs at completion for fixed price contracts included the following:

- Tested the design, implementation, and operating effectiveness of controls that are designed to address the reasonableness of estimates of costs to complete fixed price contracts.
- Evaluated the reasonableness of management's estimates related to the cost to complete for fixed price contracts through testing of the key components of the estimated costs to complete, including, labor, materials, and subcontractor costs.
- Agreed a sample of contract costs incurred to supporting documentation.
- Performed inquiries of management and project personnel regarding facts and circumstances relevant to the accounting for a sample of such contracts.
- Recalculated revenue recognition based on the percentage of completion.
- Performed retrospective review procedures to assess management's historical ability to accurately estimate the transaction price and cost to complete of fixed price contracts.

/s/Crowe LLP

We have served as the Company's auditor since 2018.
Los Angeles, California
February 26, 2026

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

	<u>January 2, 2026</u>	<u>December 27, 2024</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 65,919	\$ 74,158
Restricted cash	—	—
Accounts receivable, net of allowance for doubtful accounts of \$340 and \$1,313 at January 2, 2026 and December 27, 2024, respectively	64,604	65,557
Contract assets	107,296	88,528
Other receivables	6,330	2,302
Prepaid expenses and other current assets	7,528	4,979
Total current assets	<u>251,677</u>	<u>235,524</u>
Equipment and leasehold improvements, net	31,491	29,534
Goodwill	179,530	140,991
Right-of-use assets	16,600	14,035
Other intangible assets, net	35,521	29,414
Other assets	2,762	2,019
Deferred income taxes, net	26,630	13,346
Total assets	<u>\$ 544,211</u>	<u>\$ 464,863</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 45,628	\$ 33,766
Accrued liabilities	82,434	62,776
Contingent consideration payable	3,732	2,500
Contract liabilities	21,565	21,556
Notes payable	2,500	10,137
Finance lease obligations	1,225	1,138
Lease liability	4,670	5,804
Total current liabilities	<u>161,754</u>	<u>137,677</u>
Contingent consideration payable, less current portion	16,651	1,713
Notes payable, less current portion	45,962	79,350
Finance lease obligations, less current portion	1,162	1,379
Lease liability, less current portion	13,762	9,939
Other noncurrent liabilities	69	462
Total liabilities	<u>239,360</u>	<u>230,520</u>
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; 14,762 and 14,169 shares issued and outstanding at January 2, 2026 and December 27, 2024, respectively	148	142
Additional paid-in capital	215,269	197,368
Accumulated other comprehensive income (loss)	(270)	(314)
Retained earnings	89,704	37,147
Total stockholders' equity	<u>304,851</u>	<u>234,343</u>
Total liabilities and stockholders' equity	<u>\$ 544,211</u>	<u>\$ 464,863</u>

See accompanying notes to consolidated financial statements.

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

	<u>Fiscal Year</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contract revenue	\$ 681,552	\$ 565,798	\$ 510,095
Direct costs of contract revenue (inclusive of directly related depreciation and amortization):			
Salaries and wages	109,098	93,543	89,915
Subcontractor services and other direct costs	<u>316,772</u>	<u>269,473</u>	<u>240,413</u>
Total direct costs of contract revenue	425,870	363,016	330,328
 Gross profit	<u>255,682</u>	<u>202,782</u>	<u>179,767</u>
General and administrative expenses:			
Salaries and wages, payroll taxes and employee benefits	125,736	105,373	95,556
Facilities and facility related	9,717	9,718	9,565
Stock-based compensation	11,825	7,388	5,323
Depreciation and amortization	18,686	14,745	16,431
Other	<u>45,571</u>	<u>34,205</u>	<u>30,818</u>
Total general and administrative expenses	211,535	171,429	157,693
 Income (Loss) from operations	<u>44,147</u>	<u>31,353</u>	<u>22,074</u>
Other income (expense):			
Interest expense, net	(5,748)	(7,801)	(9,413)
Other, net	<u>1,595</u>	<u>3,127</u>	<u>1,930</u>
Total other expense, net	(4,153)	(4,674)	(7,483)
 Income (Loss) before income taxes	39,994	26,679	14,591
Income tax (benefit) expense	<u>(12,563)</u>	<u>4,109</u>	<u>3,665</u>
Net income (loss)	<u>52,557</u>	<u>22,570</u>	<u>10,926</u>
Other comprehensive income (loss):			
Unrealized gain (loss) on derivative contracts, net of tax	44	350	(664)
Comprehensive income (loss)	<u>\$ 52,601</u>	<u>\$ 22,920</u>	<u>\$ 10,262</u>
Earnings (Loss) per share:			
Basic	<u>\$ 3.63</u>	<u>\$ 1.63</u>	<u>\$ 0.82</u>
Diluted	<u>\$ 3.49</u>	<u>\$ 1.58</u>	<u>\$ 0.80</u>
Weighted-average shares outstanding:			
Basic	14,461	13,818	13,394
Diluted	15,071	14,245	13,606

See accompanying notes to consolidated financial statements.

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

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at December 30, 2022	13,296	\$ 133	\$ 177,718	\$ (0)	\$ 3,651	\$ 181,502
Shares of common stock issued in connection with employee stock purchase plan	182	2	2,779	—	—	2,781
Shares of common stock issued in connection with incentive stock plan	19	—	182	—	—	182
Shares used to pay taxes on stock grants	(11)	—	(205)	—	—	(205)
Issuance of restricted stock award and units	196	2	(2)	—	—	—
Stock-based compensation expense	—	—	5,323	—	—	5,323
Net income (loss)	—	—	—	—	10,926	10,926
Net unrealized gain (loss) on derivative contracts	—	—	—	(664)	—	(664)
Balance at December 29, 2023	<u>13,682</u>	<u>\$ 137</u>	<u>\$ 185,795</u>	<u>\$ (664)</u>	<u>\$ 14,577</u>	<u>\$ 199,845</u>
Shares of common stock issued in connection with employee stock purchase plan	164	2	2,836	—	—	2,838
Shares of common stock issued in connection with incentive stock plan	222	2	2,757	—	—	2,759
Shares used to pay taxes on stock grants	(48)	(1)	(1,406)	—	—	(1,407)
Issuance of restricted stock award and units	149	2	(2)	—	—	—
Stock-based compensation expense	—	—	7,388	—	—	7,388
Net income (loss)	—	—	—	—	22,570	22,570
Net unrealized gain (loss) on derivative contracts	—	—	—	350	—	350
Balance at December 27, 2024	<u>14,169</u>	<u>\$ 142</u>	<u>\$ 197,368</u>	<u>\$ (314)</u>	<u>\$ 37,147</u>	<u>\$ 234,343</u>
Shares of common stock issued in connection with employee stock purchase plan	115	1	3,248	—	—	3,249
Shares of common stock issued in connection with incentive stock plan	150	2	2,757	—	—	2,759
Shares used to pay taxes on stock grants	(95)	(1)	(5,482)	—	—	(5,483)
Issuance of restricted stock award and units	246	2	(2)	—	—	—
Stock issued to acquire businesses	177	2	5,555	—	—	5,557
Stock-based compensation expense	—	—	11,825	—	—	11,825
Net income (loss)	—	—	—	—	52,557	52,557
Net unrealized gain (loss) on derivative contracts	—	—	—	44	—	44
Balance at January 2, 2026	<u>14,762</u>	<u>\$ 148</u>	<u>\$ 215,269</u>	<u>\$ (270)</u>	<u>\$ 89,704</u>	<u>\$ 304,851</u>

See accompanying notes to consolidated financial statements.

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

	Fiscal Year		
	2025	2024	2023
Cash flows from operating activities:			
Net income (loss)	\$ 52,557	\$ 22,570	\$ 10,926
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	18,686	14,745	16,431
Other non-cash items	637	(73)	1,445
Deferred income taxes, net	(13,284)	2,615	2,582
(Gain) loss on sale/disposal of equipment	(29)	(15)	(63)
Provision for doubtful accounts	237	740	825
Stock-based compensation	11,825	7,388	5,323
Accretion and fair value adjustments of contingent consideration	3,095	153	—
Changes in operating assets and liabilities, net of effects from business acquisitions:			
Accounts receivable	7,752	5,316	(10,300)
Contract assets	(18,303)	5,778	(10,825)
Other receivables	(4,017)	(1,133)	3,604
Prepaid expenses and other current assets	(2,488)	(1,091)	2,566
Other assets	(739)	2,953	5,717
Accounts payable	7,740	(831)	4,360
Accrued liabilities	20,513	4,707	5,030
Contract liabilities	(4,222)	8,373	598
Right-of-use assets	124	(122)	995
Net cash (used in) provided by operating activities	<u>80,084</u>	<u>72,073</u>	<u>39,214</u>
Cash flows from investing activities:			
Purchase of equipment, software, and leasehold improvements	(9,387)	(8,413)	(9,925)
Proceeds from sale of equipment	46	34	68
Cash paid for acquisitions, net of cash acquired	(36,291)	(7,364)	(1,600)
Net cash (used in) provided by investing activities	<u>(45,632)</u>	<u>(15,743)</u>	<u>(11,457)</u>
Cash flows from financing activities:			
Payments on contingent consideration	—	—	(4,000)
Payment on restricted cash	—	—	(10,679)
Payments on notes payable	(137)	(190)	(1,631)
Payments on debt issuance costs	(332)	—	(1,114)
Borrowings under prior term loan and line of credit	—	—	5,000
Payments made to retire prior credit agreement	(90,000)	—	(111,000)
Borrowing to fund new credit agreement	88,414	—	100,000
Principal payments on outstanding debt	(39,664)	(8,125)	(1,875)
Principal payments on finance leases	(1,497)	(1,444)	(1,304)
Proceeds from stock option exercise	2,759	2,759	182
Proceeds from sales of common stock under employee stock purchase plan	3,249	2,838	2,781
Cash used to pay taxes on stock grants	(5,483)	(1,407)	(205)
Net cash (used in) provided by financing activities	<u>(42,691)</u>	<u>(5,569)</u>	<u>(23,845)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(8,239)	50,761	3,912
Cash, cash equivalents and restricted cash at beginning of period	74,158	23,397	19,485
Cash, cash equivalents and restricted cash at end of period	<u>\$ 65,919</u>	<u>\$ 74,158</u>	<u>\$ 23,397</u>
Supplemental disclosures of cash flow information:			
Cash paid (received) during the period for:			
Interest	\$ 5,413	\$ 7,520	\$ 10,193
Income taxes	2,338	1,316	(3,072)
Supplemental disclosures of noncash investing and financing activities:			
Issuance of common stock related to business acquisitions	\$ 5,557	\$ —	\$ —
Contingent consideration related to business acquisitions	13,075	4,060	—
Equipment acquired under finance leases	1,400	1,605	961

See accompanying notes to consolidated financial statements.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Basis of Presentation

The Company has prepared its Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”).

The consolidated statement of stockholders' equity includes repurchases of shares of the Company’s common stock from employees to satisfy tax withholding obligations incurred in connection with the vesting of restricted stock or performance stock units, which amount is presented as a reduction of additional paid-in capital and common stock.

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 ended on January 2, 2026, was comprised of 53 weeks, with the first quarter consisting of 14 weeks and the remaining quarters consisting of 13 weeks each. Fiscal year 2024 and fiscal year 2023, which ended on December 27, 2024, December 29, 2023, respectively, were both comprised of 52 weeks, with all quarters presented consisting of 13 weeks.

Principles of Consolidation

The consolidated financial statements include the accounts of Willdan Group, Inc. and its wholly-owned subsidiaries and their respective subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

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

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the U.S. 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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Cash and Cash Equivalents

All highly liquid investments purchased with a remaining maturity of three months or less are considered to be cash equivalents. The Company from time to time may be exposed to credit risk with its bank deposits in excess of the FDIC insurance limits and with uninsured money market investments. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

The Company, from time to time, has restricted cash that represents amounts not readily available for current operations due to contractual restrictions which designate these restricted cash balances for specific purposes.

Fair Value of Financial Instruments

The Company uses the three-tier hierarchy of fair value measurement, which prioritizes the inputs. These tiers include: Level 1 (the highest priority), defined as observable inputs, such as quoted prices in active markets, Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3 (the lowest priority), defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company's financial instruments consist primarily of cash, cash equivalents, accounts receivable, contract assets, other receivables, prepaid expenses and other current assets, accounts payable, accrued liabilities and contract liabilities. The carrying amounts of certain other assets and contingent consideration are discounted to their present value because the time between the origination of these instruments and their expected realization or payment is greater than one year.

As of January 2, 2026 and December 27, 2024, the carrying amounts of the Company's cash and cash equivalents, accounts receivable, contract assets, other receivables, prepaid expenses and other current assets, accounts payable, accrued liabilities and contract liabilities, approximate their fair values because of the relatively short period of time between the origination of these instruments and their expected realization or payment. The carrying amounts of debt obligations approximate their fair values since the terms are comparable to terms currently offered by local lending institutions for loans of similar terms to companies with comparable credit risk.

The carrying amounts of the derivative financial instrument is valued based on Level 2 inputs and the fair value of the contingent consideration liability is valued on Level 3 inputs.

Variable Interest Entities

The Company accounts for variable interest entities in accordance with Accounting Standards Codification ("ASC") 810, Consolidation. Under ASC 810, a variable interest entity ("VIE") is created when any of the following criteria are present: (a) the equity investment at risk in the entity is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by other parties, including the equity holders; (b) the entity's equity holders as a group either (i) lack the direct or indirect ability to make decisions about the entity, (ii) are not obligated to absorb expected losses of the entity or (iii) do not have the right to receive expected residual returns of the entity; or (c) the entity's equity holders have voting rights that are not proportionate to their economic interests, and the activities of the entity involve or are conducted on behalf of the equity holder with disproportionately few voting rights. If an entity is deemed to be a VIE pursuant to ASC 810, the enterprise that has both (i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb the expected losses of the entity or right to receive benefits from the entity that could be potentially significant to the VIE is considered the primary beneficiary and must consolidate the VIE. In accordance with ASC 810, the Company performs ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

As of January 2, 2026, the Company had one VIE — Genesys Engineering, P.C. (“Genesys”). Pursuant to New York law, the Company does not own capital stock of Genesys and does not have control over the professional decision making of Genesys’s engineering services. The Company, however, has entered into an administrative services agreement with Genesys pursuant to which WES, the Company’s wholly-owned subsidiary, will provide Genesys with ongoing administrative, operational and other non-professional support services. 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 VIE.

Management also concluded there is no noncontrolling interest related to the consolidation of Genesys because management 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. For more information regarding Genesys, see Note 8 “*Commitments and Variable Interest Entities.*”

Segment Information

The Company presents segment information externally consistent with the manner in which the Company’s chief operating decision maker reviews information to assess performance and allocate resources. The Company’s two segments are (i) Energy, and (ii) Engineering and Consulting.

Willdan Group, Inc. (“WGI”) is a holding company and performs administrative functions on behalf of its subsidiaries, such as treasury, legal, accounting, information systems, human resources and certain business development activities, and earns revenue that is only incidental to the activities of the enterprise. As a result, WGI does not meet the definition of an operating segment.

Contract Assets and Liabilities

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. Contract assets include unbilled amounts typically resulting from revenue under contracts where the percentage-of-completion method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. In addition, contract assets include retainage amounts withheld from billings to the Company’s clients pursuant to provisions in our contracts. Contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue.

Contract Accounting

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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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. As of January 2, 2026, the Company had \$179.7 million related to fixed price contract obligations of which \$107.9 million related to fixed price contract obligations in excess of twelve months.

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 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. In cases where the standalone selling price of the software licenses is not present, 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.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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 1.0% to 2.0% 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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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 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 January 2, 2026 and December 27, 2024, contract assets included retainage of \$29.5 million and \$22.0 million, respectively.

General and Administrative Expenses

General and administrative 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 the Company's employees and the portion of salaries and wages not allocated to direct costs of contract revenue for those employees who provide the Company's services. General and administrative expenses also include facility costs, depreciation and amortization, professional services, legal and accounting fees and administrative operating costs. Within general and administrative expenses, "Other" includes expenses such as provision for billed or unbilled receivables, professional services, legal and accounting, computer costs, travel and entertainment, marketing costs and acquisition costs. The Company expenses general and administrative costs when incurred.

Leases

The Company accounts for leases in accordance with ASC 842 which requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet measured as the net present value of future lease payments, with the exception of short-term leases which are defined as those less than 12 months. The lease expense is then recognized over the term of the lease.

The Company elected the 'package of practical expedients' permitted under the transition guidance of ASC 842, which among other things, allowed the Company to carry forward the historical lease classification. In addition, the Company elected not to utilize the hindsight practical expedient to determine the lease term for existing leases. The Company also elected the practical expedient to not separate lease and non-lease components for its facilities leases.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company also 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 in the statements of comprehensive income. The interest associated with financing lease obligations is included in interest expense in the statements of comprehensive income. For more information, see Note 7, “Leases”.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Equipment under finance leases is stated at the present value of the minimum lease payments as of the acquisition date. Depreciation and amortization on equipment are calculated using the straight-line method over estimated useful lives of two to five years. Leasehold improvements and assets under capital leases are amortized using the straight-line method over the shorter of estimated useful lives or the term of the related lease.

Following are the estimated useful lives used to calculate depreciation and amortization:

<u>Category</u>	<u>Estimated Useful Life</u>
Furniture and fixtures	5 years
Computer hardware	3 years
Computer software	3 years
Automobiles and trucks	3 years
Field equipment	5 years

Goodwill

Goodwill represents the excess of costs over fair value of the assets acquired. 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 impairment. Goodwill, which has an indefinite useful life, is not amortized, but instead tested for impairment at least annually or more frequently if events and circumstances indicate that the asset might be impaired. Impairment losses for reporting units are recognized to the extent that a reporting unit’s carrying amount exceeds its fair value.

Long-lived assets

Long-lived assets, such as equipment, leasehold improvements and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Accounting for Claims against the Company

The Company accrues an undiscounted liability related to claims against it for which the incurrence of a loss is probable and the amount can be reasonably estimated. The Company discloses the amount accrued and an estimate of any reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for its financial statements not to be misleading. The Company does not accrue liabilities related to claims when the likelihood that a loss 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. Losses related to recorded claims are included in general and administrative expenses.

Determining probability and estimating claim amounts is highly judgmental. Initial accruals and any subsequent changes in the Company's estimates could have a material effect on its consolidated financial statements.

Stock-based Compensation

The Company accounts for all stock-based compensation under the fair value recognition provisions of the accounting standard entitled "*Compensation—Stock Compensation*." Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite vesting period. The fair values of all stock options granted and the fair values of all Employee Stock Purchase Plan ("ESPP") purchase rights are estimated using the Black-Scholes option-valuation model. The Black-Scholes option-valuation model requires the input of highly subjective assumptions. Performance-based restricted stock unit awards ("PBRsUs") are granted to certain employees and vest only after the achievement of pre-determined performance metrics. Once the performance metrics are met, vesting of PBRsUs is subject to continued service by the employee. At the end of each reporting period, the Company evaluates the probability that PBRsUs will be earned. The Company records stock-based compensation expense based on the probability that the performance metrics will be achieved over the vesting period. Restricted stock awards ("RSAs") and restricted stock units ("RSUs") are time-based equity awards that are granted to certain employees and vest based on time, subject to continued service by the employee.

Business Combinations

During fiscal year 2025, the Company completed three acquisitions: Compass Municipal Advisors, LLC. ("Compass"), Alternative Power Generation, Inc. ("APG"), and Alpha Inspections, Inc. ("Alpha"). During the fiscal year 2024, the Company completed one acquisition: Enica Engineering, PLLC. ("Enica"). During fiscal year 2023, the Company did not have any material acquisitions.

The acquisition method of accounting for business combinations requires the Company to use significant estimates and assumptions, including fair value estimates, as of the business combination date and to refine those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which the Company may adjust the provisional amounts recognized for a business combination based upon new information about facts that existed on the business combination date).

Under the acquisition method of accounting, the Company recognizes separately from goodwill the identifiable assets acquired, the liabilities assumed, and any non-controlling interests in an acquiree, at the acquisition date fair value. The Company measures goodwill as of the acquisition date as the excess of consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

Generally, the Company engages a third-party independent valuation specialist to assist in management's determination of fair values of tangible and intangible assets acquired and liabilities assumed.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In circumstances where an acquisition involves a contingent consideration arrangement, the Company recognizes a liability equal to the fair value of the contingent payments it expects to make as of the acquisition date. The contingent consideration fair value measurement is based on significant inputs not observable in the market and therefore constitute Level 3 inputs within the fair value hierarchy. The Company determines the initial fair value of contingent consideration liabilities using a Monte Carlo (“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. Changes in the estimated fair value of contingent earn-out payments are included in general and administrative expenses.

As of January 2, 2026, the Company had contingent consideration payable of \$20.4 million related to the acquisitions of Enica, APG, and Compass. The Company has contingent obligations to make earnout payments in connection with its acquisitions of Enica, APG, and Compass, subject to their future financial performance. The Company is 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. The Company is 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. The Company is obligated to pay up to \$1.0 million in cash if Compass exceeds certain financial targets during the one year after the Compass closing date of January 2, 2026. Through the twelve months ended January 2, 2026, the Company’s statement of operations includes \$3.2 million of interest accretion related to the contingent consideration.

In circumstances where an acquisition involves acquiring customer relationships, the fair value for customer relationships is determined as of the acquisition date using the excess earnings method. Under this methodology, the fair value is determined based on the estimated future after-tax cash flows arising from the acquired customer relationships over their estimated useful lives after considering customer attrition and contributory asset charges. The assumptions that have the most significant effect on the fair value calculations are the customer attrition rates, projected customer revenue growth rates, margins, contributory asset charges, and discount rates.

During the fiscal year 2025, the accounting for the consideration for Enica was finalized. In addition, the Company did not make any adjustments to the consideration for Enica, and as a result, there were no adjustments to the purchase price allocation for the fiscal year ended January 2, 2026.

Costs that the Company incurs to complete the business combination such as investment banking, legal and other professional fees are not considered part of consideration. The Company charges these acquisition costs to general and administrative expense as they are incurred.

For more information regarding current year acquisitions, see Note 13, “*Business Combinations*”, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

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. Areas of estimation include the Company’s consideration of future taxable income 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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

During each fiscal year, management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize existing deferred tax assets. At the start of fiscal year 2024, the Company had a total valuation allowance related to its deferred tax assets of \$1.2 million. During fiscal year 2024, the Company released \$0.1 million of the valuation allowance due to expected future utilization of deferred tax assets, leaving a total valuation allowance of \$1.1 million at the end of fiscal year 2024. During fiscal year 2025, no changes were made to tax valuation allowance as the available positive and negative evidence did not warrant a revision.

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.

Discrete tax items are specific tax-related events or adjustments that are recognized in the period in which they occur, rather than being tied to ongoing operating income or recurring earnings. Unlike regular income tax expense, which is typically calculated as a percentage of pre-tax income, discrete tax items arise from one-time or event-driven transactions. The Company's income tax expense can be significantly impacted by these discrete tax items, such as energy-efficiency building deductions or stock compensation windfalls and shortfalls. As a result, these discrete tax items can generate substantial tax benefits or expenses that vary by reporting period and cause fluctuations from initially estimated effective tax rates.

For further information, see Note 11, "Income Taxes", of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Earnings (loss) per Share

The Company computes basic income per common share using net income and the weighted average number of common shares outstanding during the period. Diluted income per common share is computed using net income and the weighted average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include dilutive outstanding employee stock options, RSAs, RSUs, and PBRs, and rights to purchase shares of common stock under the Company's ESPP.

Other Comprehensive Income (loss), Net of Tax

Other comprehensive income (loss), net of tax refers to revenue, expenses, gains and losses that are recorded as an element of shareholders' equity but are excluded from net income (loss). The Company's other comprehensive income (loss), net of tax is comprised of unrealized gains or losses on its interest rate swap agreement designated as cash flow hedges.

Derivatives

From time to time, the Company uses certain interest rate derivatives contracts to hedge interest rate exposures on its variable rate debt. The Company recognizes derivative instruments as either assets or liabilities on its 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 (loss) income as a loss or gain on cash flow hedge valuation.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Operating Cycle

In accordance with industry practice, amounts realizable and payable under contracts that extend beyond one year are included in current assets (included in contract assets) and current liabilities.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Recently Adopted

In July 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2025-05, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets” (“ASU 2025-05”). ASU 2025-05 allows an entity to elect a practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset in the development of a reasonable and supportable forecast as part of estimating expected credit losses. The amendments are effective for the annual reporting periods beginning after December 15, 2025, and interim periods within those fiscal year reporting periods beginning after December 15, 2025, with early adoption permitted. The Company elected to early adopt this standard in the fourth quarter of fiscal year 2025. The adoption of this standard did not have a material impact on the Company’s 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 adopted ASU 2023-09 for its fiscal year 2025 annual reporting period, and as permitted by ASU 2023-09, the Company adopted this standard on a prospective basis. The adoption of this standard did not have a material impact on the Company’s Consolidated Financial Statements or disclosures.

Accounting Pronouncements Recently Issued

In December 2025, the FASB issued ASU No. 2025-12, “Codification Improvements” (“ASU 2025-12”). ASU 2025-12 addresses suggestions received from stakeholders on the Accounting Standards Codification and to make other incremental improvements to generally accepted accounting principles (“GAAP”). ASU 2025-12 provides changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. 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 2025-12 will have a material impact on its Consolidated Financial Statements.

In December 2025, the FASB issued ASU No. 2025-11, “Interim Reporting” (Topic 270): Narrow-Scope Improvements” (“ASU 2025-11”). The ASU 2025-11 amendments are intended to improve the guidance in Topic 270, Interim Reporting, by improving the navigability of the required interim disclosures and clarifying when that guidance is applicable. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. The amendments are effective for the annual reporting periods beginning after December 15, 2027, and interim periods within those fiscal year reporting periods beginning after December 15, 2027, with early adoption permitted either (1) prospectively or (2) retrospectively. The Company does not believe the amendments in ASU 2025-11 will have a material impact on its Consolidated Financial Statements.

In November 2025, the FASB issued ASU No. 2025-09, “Derivatives and Hedging (Topic 815): Hedge Accounting Improvements” (“ASU 2025-09”). The ASU 2025-09 amendments are intended to simplify the application of hedge accounting and to more closely align hedge accounting with the economics of an entity's risk management activities in the following five areas: (1) similar risk assessment for cash flow hedges, (2) hedging forecasted interest payments on choose-your-rate debt instruments, (3) cash flow hedges of nonfinancial forecasted transactions, (4) net written options as hedging instruments, and (5) foreign-currency-denominated debt instrument as hedging instrument and hedged item (dual hedge). 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

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

adoption permitted. The Company is currently evaluating the impact this update will have on its consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, “Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal Software” (“ASU 2025-06”). ASU 2025-06 removes references to prescriptive and sequential software development stages which are referred to as “project stages” throughout Subtopic 350-40. The amendment introduces a principles-based approach to capitalization of internal-use software costs and requires capitalization of software costs to begin when management has authorized and committed to funding the project and it is probable the project will be completed and used to perform the intended function. The amendments do not change what internal-use software costs can be capitalized or when such capitalization ceases. The amendments are effective for the annual reporting periods beginning after December 15, 2027, and interim periods within those fiscal year reporting periods beginning after December 15, 2027, with early adoption permitted. The Company does not believe the amendments in ASU 2025-06 will have a material impact on its Consolidated Financial Statements.

In May 2025, the FASB issued 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 2025-03 will have a material impact on its Consolidated Financial Statements.

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 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 Securities and Exchange Commission (“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 in any of the Company’s current disclosures.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

3. SUPPLEMENTAL FINANCIAL STATEMENT DATA

Restricted Cash

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported within the consolidated balance sheets for fiscal years 2025, 2024 and 2023, to the total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows for fiscal years 2025, 2024, and 2023:

	<u>January 2, 2026</u>	<u>December 27, 2024</u>	<u>December 30, 2023</u>
		<i>(in thousands)</i>	
Cash and cash equivalents	\$ 65,919	\$ 74,158	\$ 23,397
Restricted cash	<u>—</u>	<u>—</u>	<u>—</u>
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	<u>\$ 65,919</u>	<u>\$ 74,158</u>	<u>\$ 23,397</u>

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 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."

Accounts Receivable

Accounts receivable consisted of the following:

	<u>January 2, 2026</u>	<u>December 27, 2024</u>
		<i>(in thousands)</i>
Billed	\$ 64,944	\$ 66,870
Allowance for doubtful accounts	<u>(340)</u>	<u>(1,313)</u>
Accounts receivable, net	<u>\$ 64,604</u>	<u>\$ 65,557</u>

The movements in the allowance for doubtful accounts consisted of the following:

	<u>Fiscal Year</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
		<i>(in thousands)</i>	
Balance as of the beginning of the year	\$ 1,313	\$ 866	\$ 640
(Recovery of) provision for doubtful accounts	308	740	826
Write-offs of uncollectible accounts	(1,281)	(303)	(600)
Fair value adjustment	<u>—</u>	<u>10</u>	<u>—</u>
Balance as of the end of the year	<u>\$ 340</u>	<u>\$ 1,313</u>	<u>\$ 866</u>

Allowances for doubtful accounts have been determined 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.

As of January 2, 2026, and December 27, 2024, the Company had no individual customers that accounted for more than 10% of the Company's billed outstanding receivables, respectively.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Contract Assets

Contract assets consisted of the following:

	January 2, 2026	December 27, 2024
	<i>(in thousands)</i>	
Unbilled short-term	\$ 77,787	\$ 66,518
Contract retentions	29,509	22,010
Contract assets	107,296	88,528
Unbilled long-term ⁽¹⁾	2,762	—
Total contract assets.	\$ 110,058	\$ 88,528

⁽¹⁾ Included in Other assets in the consolidated financial statements.

Unbilled accounts receivable represent revenue recognized, but not yet billed, pursuant to contract terms or accounts billed after the period end. Contract retentions represent amounts invoiced to clients where payments have been withheld pending the completion of certain milestones, other contractual conditions or upon the completion of the project. These retention agreements vary from project to project and could be outstanding for several months.

Equipment and Leasehold Improvements

Equipment and leasehold improvements were as follows:

	January 2, 2026	December 27, 2024
	<i>(in thousands)</i>	
Furniture and fixtures	\$ 5,157	\$ 4,594
Computer hardware and software	59,687	51,904
Leasehold improvements	4,343	3,804
Equipment under finance leases	7,471	7,052
Automobiles, trucks, and field equipment.	4,053	3,608
Subtotal.	80,711	70,962
Accumulated depreciation and amortization	(49,220)	(41,428)
Equipment and leasehold improvements, net	\$ 31,491	\$ 29,534

Depreciation expense of equipment and leasehold improvements totaled \$8.8 million, \$7.5 million, and \$6.3 million in fiscal years 2025, 2024, and 2023, respectively.

Included in accumulated depreciation and amortization is \$1.5 million, \$1.5 million, and \$1.3 million of amortization expense related to equipment held under finance leases in fiscal years 2025, 2024, and 2023, respectively.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Accrued Liabilities

Accrued liabilities were as follows:

	January 2, 2026	December 27, 2024
	<i>(in thousands)</i>	
Accrued subcontractor costs	\$ 37,123	\$ 33,061
Accrued bonuses	27,478	18,277
Employee withholdings	5,999	3,664
Compensation and payroll taxes	5,534	3,564
Rebate and other	—	360
Accrued accounting costs and taxes	6,300	3,850
Total accrued liabilities	\$ 82,434	\$ 62,776

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

4. 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 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 (as defined in Note 5, “*Debt Obligations*”). 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 January 2, 2026, 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 fiscal 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:

	<u>Balance Sheet Location</u>	<u>Fair Value of Derivative Instruments as of</u>	
		<u>January 2, 2026</u>	<u>December 27, 2024</u>
		<i>(in thousands)</i>	
Interest rate swap agreement	Accrued liabilities	\$ (341)	\$ (198)
Interest rate swap agreement	Other noncurrent liabilities	—	(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 immaterial to the Company’s consolidated financial statements the year ended January 2, 2026.

The accumulated balances and reporting period activities for the year ended January 2, 2026 related to reclassifications out of accumulated other comprehensive income (loss) are summarized as follows:

	<u>Gain (Loss) on Derivative Instruments</u>	<u>Accumulated Other Comprehensive Loss</u>
	<i>(in thousands)</i>	
Balances at December 29, 2023	\$ (664)	\$ (664)
Other comprehensive income (loss) before reclassifications	443	443
Amounts reclassified from accumulated other comprehensive income (loss) . .	—	—
Income tax benefit (expense) related to derivative instruments	(93)	(93)
Net current-period other comprehensive income (loss)	350	350
Balances at December 27, 2024	<u>\$ (314)</u>	<u>\$ (314)</u>
Other comprehensive income (loss) before reclassifications	56	56
Amounts reclassified from accumulated other comprehensive income (loss) . .	—	—
Income tax benefit (expense) related to derivative instruments	(12)	(12)
Net current-period other comprehensive income (loss)	44	44
Balances at January 2, 2026	<u>\$ (270)</u>	<u>\$ (270)</u>

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

5. DEBT OBLIGATIONS

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

	January 2, 2026	December 27, 2024
	<i>(in thousands)</i>	
<i>New Credit Agreement</i>		
Outstanding borrowings on Term Loan A	\$ 48,750	\$ —
Outstanding borrowings on Revolving Credit Facility	—	—
Outstanding borrowings on Delayed Draw Term Loan	—	—
<i>Prior Credit Agreement</i>		
Outstanding borrowings on Term Loan	—	90,000
Outstanding borrowings on Revolving Credit Facility	—	—
Other debt agreements	—	137
Total debt	48,750	90,137
Issuance costs and debt discounts	(288)	(650)
Subtotal	48,462	89,487
Less current portion of long-term debt	2,500	10,137
Long-term debt portion	\$ 45,962	\$ 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.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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).

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The TLA issuance costs are amortized to interest expense over the term of the TLA, and as of January 2, 2026, issuance costs of \$0.3 million remained unamortized. The Revolving Credit Facility unamortized issuance costs are included in assets in the accompanying consolidated balance sheets, and as of January 2, 2026, consisted of \$0.6 million.

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 January 2, 2026, the Company was in compliance with all these covenants contained in the Amended and Restated Credit Agreement. In addition, as of January 2, 2026, the Company's composite annual interest rate, exclusive of the effects of upfront fees, undrawn fees and issuance cost amortization, was 5.3% and \$1.6 million in letters of credit were issued.

Other Debt Agreements

The Company's other debt agreements generally are comprised of financed insurance premiums, financed software agreements, and a utility customer agreement, and are immaterial to the Company's Consolidated Financial Statements.

Future Debt Payments

The following table summarizes the combined principal installments for the Company's debt obligations, excluding capital leases, over the next five years and beyond, as of January 2, 2026 (*in thousands*):

Fiscal Year:		
2026	\$	2,500
2027		2,500
2028		2,500
2029		2,500
2030		38,750
Total debt maturities		48,750
Issuance costs and debt discounts		(288)
Net carrying value	\$	<u>48,462</u>

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company's goodwill primarily relates to the Energy segment and the historical acquisitions within this segment which includes the fiscal year 2025 acquisition of Alternative Power Generation, as well as the fiscal year 2024 acquisition of substantially all of the assets of Enica. The remaining goodwill relates to the Engineering and Consulting reporting segment and the historical acquisitions within this segment which includes the fiscal year 2025 acquisition of Compass Municipal Advisors and Alpha.

The changes in the carrying value of goodwill by reporting unit were as follows:

	<u>December 27, 2024</u>	<u>Additional Purchase Cost</u>	<u>Additions / Adjustments</u>	<u>January 2, 2026</u>
	<i>(in thousands)</i>			
Reporting Unit:				
Energy	\$ 139,222	\$ 31,613	\$ —	\$ 170,835
Engineering and Consulting	1,769	6,926	—	8,695
	<u>\$ 140,991</u>	<u>\$ 38,539</u>	<u>\$ —</u>	<u>\$ 179,530</u>
	<u>December 29, 2023</u>	<u>Additional Purchase Cost</u>	<u>Additions / Adjustments</u>	<u>December 27, 2024</u>
	<i>(in thousands)</i>			
Reporting Unit:				
Energy	\$ 129,375	\$ 9,847	\$ —	\$ 139,222
Engineering and Consulting	1,769	—	—	1,769
	<u>\$ 131,144</u>	<u>\$ 9,847</u>	<u>\$ —</u>	<u>\$ 140,991</u>

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 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.

No impairment was recorded in any year during the three-year period ended January 2, 2026.

The gross amounts and accumulated amortization of the Company's acquired identifiable intangible assets with finite useful lives, included in other intangible assets, net in the accompanying consolidated balance sheets, were as follows:

	<u>January 2, 2026</u>		<u>December 27, 2024</u>		
	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Amortization Period</u>
	<i>(in thousands)</i>				<i>(in years)</i>
Finite:					
Backlog	\$ 11,600	\$ 9,853	\$ 8,882	\$ 8,350	1.0
Tradename	17,773	14,285	16,123	13,196	2.5 - 6.0
Non-compete agreements	1,835	1,535	1,613	1,488	4.0 - 5.0
Developed technology	15,810	15,810	15,810	15,286	8.0
Customer relationships	73,400	43,414	62,041	36,735	5.0 - 12.0
Total intangible assets	<u>\$ 120,418</u>	<u>\$ 84,897</u>	<u>\$ 104,469</u>	<u>\$ 75,055</u>	

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

At the time of acquisition, the Company estimates the fair value of the acquired identifiable intangible assets based upon the facts and circumstances related to the particular intangible asset. Inherent in such estimates are judgments and estimates of future revenue, profitability, cash flows and appropriate discount rates for any present value calculations. The Company preliminarily estimates the value of the acquired identifiable intangible assets and then finalizes the estimated fair values during the purchase allocation period, which does not extend beyond 12 months from the date of acquisition.

The Company's amortization expense for acquired identifiable intangible assets with finite useful lives was \$9.8 million, \$7.2 million, and \$10.1 million for the fiscal years 2025, 2024 and 2023, respectively.

Estimated amortization expense for acquired identifiable intangible assets for fiscal year 2026 and the succeeding years is as follows:

	Future Intangible Asset Amortization expense
	<i>(in thousands)</i>
Fiscal year:	
2026	\$ 9,584
2027	7,562
2028	6,577
2029	2,849
2030	1,868
Thereafter	7,081
	\$ 35,521

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

7. LEASES

The Company leases certain office facilities under long-term, non-cancellable operating leases that expire at various dates through the year 2034. In addition, the Company is obligated under finance leases for certain furniture and office equipment that expire at various dates through the year 2029.

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 it 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 January 2, 2026, 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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	Fiscal Year		
	2025	2024	2023
	<i>(in thousands)</i>		
Operating lease cost	\$ 6,096	\$ 6,168	\$ 6,114
Sublease Income	(55)	(55)	(49)
Finance lease cost:			
Amortization of assets	1,474	1,502	1,331
Interest on lease liabilities	177	157	105
Total net lease cost	<u>\$ 7,692</u>	<u>\$ 7,772</u>	<u>\$ 7,501</u>

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

	January 2,	December 27,
	2026	2024
	<i>(in thousands, except years and percentages)</i>	
Operating leases:		
Right-of-use assets	<u>\$ 16,600</u>	<u>\$ 14,035</u>
Lease liability	\$ 4,670	\$ 5,804
Lease liability, less current portion	<u>13,762</u>	<u>9,939</u>
Total lease liabilities	<u>\$ 18,432</u>	<u>\$ 15,743</u>
Finance leases (included in equipment and leasehold improvements, net):		
Equipment and leasehold improvements, net.	\$ 7,471	\$ 7,052
Accumulated depreciation	<u>(5,166)</u>	<u>(4,662)</u>
Total equipment and leasehold improvements, net.	<u>\$ 2,305</u>	<u>\$ 2,390</u>
Finance lease obligations	\$ 1,225	\$ 1,138
Finance lease obligations, less current portion.	<u>1,162</u>	<u>1,379</u>
Total finance lease obligations	<u>\$ 2,387</u>	<u>\$ 2,517</u>
Weighted average remaining lease term (in years):		
Operating Leases	5.47	3.03
Finance Leases	2.00	2.42
Weighted average discount rate:		
Operating Leases	6.47 %	6.97 %
Finance Leases	6.17 %	6.87 %

Rent expense for fiscal years 2025, 2024 and 2023 was \$6.8 million, \$6.9 million, and \$6.8 million, respectively.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	Fiscal Year		
	2025	2024	2023
	<i>(in thousands)</i>		
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flow from operating leases	\$ 6,658	\$ 6,329	\$ 5,843
Operating cash flow from finance leases	173	157	105
Financing cash flow from finance leases	1,497	1,444	1,304
Right-of-use assets obtained in exchange for lease liabilities:			
Operating leases	\$ 9,389	\$ 6,760	\$ 5,374

The following is a summary of the Company's maturities of lease liabilities as of January 2, 2026:

	Operating	Finance
	<i>(in thousands)</i>	
Fiscal year:		
2026	\$ 5,479	\$ 1,390
2027	4,213	877
2028	3,209	230
2029	2,487	31
2030	1,765	1
2031 and thereafter	4,687	—
Total lease payments	21,840	2,529
Less: Imputed interest	(3,408)	(142)
Total lease obligations	18,432	2,387
Less: Current obligations	4,670	1,225
Noncurrent lease obligations	\$ 13,762	\$ 1,162

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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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 defined Plan, the Company may make discretionary contributions to employee accounts.

The Company made matching contributions of \$2.9 million, \$2.4 million, and \$2.2 million during fiscal years 2025, 2024 and 2023, 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 January 2, 2026, the Company had one VIE — Genesys.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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 November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). The Company retroactively adopted ASU 2023-07, which requires, for fiscal years beginning after December 15, 2023, the disclosure of significant segment expenses that are regularly provided to the CODM, along with a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The Company's CODM evaluates the performance of each segment based upon the information provided below.

There were no intersegment sales during the fiscal years 2025, 2024, or 2023. 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.

	<u>Energy</u>	<u>Engineering & Consulting</u>	<u>Unallocated Corporate</u>	<u>Intersegment</u>	<u>Consolidated Total ⁽¹⁾</u>
	<i>(in thousands)</i>				
Fiscal Year 2025					
Contract revenue	\$ 576,051	\$ 105,501	\$ —	\$ —	\$ 681,552
Direct subcontractor services and other direct costs	311,231	5,541	—	—	316,772
Direct salaries and wages	66,908	42,190	—	—	109,098
Gross profit	197,912	57,770	—	—	255,682
Other indirect costs	140,938	39,449	12,462	—	192,849
EBITDA ⁽²⁾	56,449	18,315	(10,336)	—	64,428
Interest expense	—	—	5,748	—	5,748
Depreciation and amortization	16,627	2,059	—	—	18,686
Segment profit (loss) before income tax expense	39,822	16,256	(16,084)	—	39,994
Income tax (benefit) expense	(12,509)	(5,106)	5,052	—	(12,563)
Net income (loss)	52,331	21,362	(21,136)	—	52,557
Segment assets ⁽³⁾	398,299	44,170	101,742	—	544,211

	<u>Energy</u>	<u>Engineering & Consulting</u>	<u>Unallocated Corporate</u>	<u>Intersegment</u>	<u>Consolidated Total ⁽¹⁾</u>
	<i>(in thousands)</i>				
Fiscal Year 2024					
Contract revenue	\$ 473,309	\$ 92,489	\$ —	\$ —	\$ 565,798
Direct subcontractor services and other direct costs	266,092	3,381	—	—	269,473
Direct salaries and wages	55,041	38,502	—	—	93,543
Gross profit	152,176	50,606	—	—	202,782
Other indirect costs	113,998	36,263	6,423	—	156,684
EBITDA ⁽²⁾	38,554	14,344	(3,673)	—	49,225
Interest expense	—	—	7,801	—	7,801
Depreciation and amortization	13,260	1,485	—	—	14,745
Segment profit (loss) before income tax expense	25,294	12,859	(11,474)	—	26,679
Income tax (benefit) expense	3,896	1,980	(1,767)	—	4,109
Net income (loss)	21,398	10,879	(9,707)	—	22,570
Segment assets ⁽³⁾	348,884	29,202	86,777	—	464,863

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	<u>Energy</u>	<u>Engineering & Consulting</u>	<u>Unallocated Corporate</u>	<u>Intersegment</u>	<u>Consolidated Total ⁽¹⁾</u>
			<i>(in thousands)</i>		
Fiscal Year 2023					
Contract revenue	\$ 426,976	\$ 83,119	\$ —	\$ —	\$ 510,095
Direct subcontractor services and other direct costs	236,603	3,810	—	—	240,413
Direct salaries and wages	54,377	35,538	—	—	89,915
Gross profit	135,996	43,771	—	—	179,767
Other indirect costs	104,644	32,259	4,359	—	141,262
EBITDA ⁽²⁾	32,103	11,525	(3,193)	—	40,435
Interest expense	6	—	9,407	—	9,413
Depreciation and amortization	15,176	1,255	—	—	16,431
Segment profit (loss) before income tax expense	16,921	10,270	(12,600)	—	14,591
Income tax (benefit) expense	4,250	2,580	(3,165)	—	3,665
Net income (loss)	12,671	7,690	(9,435)	—	10,926
Segment assets ⁽³⁾	345,745	25,842	44,001	—	415,588

- (1) Amounts may not add to the totals due to rounding.
(2) “EBITDA”, defined as earnings before interest, taxes, depreciation and amortization, is a non-GAAP financial measure.
(3) Segment assets are presented net of intercompany receivables.

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

	2025		
	<u>Energy</u>	<u>Engineering and Consulting</u>	<u>Total</u>
		<i>(in thousands)</i>	
Contract Type			
Time-and-materials	\$ 49,898	\$ 72,100	\$ 121,998
Unit-based	215,499	26,235	241,734
Fixed price	310,654	7,166	317,820
Total ⁽¹⁾	<u>\$ 576,051</u>	<u>\$ 105,501</u>	<u>\$ 681,552</u>
Client Type			
Commercial	\$ 70,871	\$ 7,029	\$ 77,900
Government	227,497	98,233	325,730
Utilities ⁽²⁾	277,683	239	277,922
Total ⁽¹⁾	<u>\$ 576,051</u>	<u>\$ 105,501</u>	<u>\$ 681,552</u>
Geography ⁽³⁾			
Domestic	<u>\$ 576,051</u>	<u>\$ 105,501</u>	<u>\$ 681,552</u>
	2024		
	<u>Energy</u>	<u>Engineering and Consulting</u>	<u>Total</u>
		<i>(in thousands)</i>	
Contract Type			
Time-and-materials	\$ 34,381	\$ 67,931	\$ 102,312
Unit-based	205,117	19,676	224,793
Fixed price	233,811	4,882	238,693
Total ⁽¹⁾	<u>\$ 473,309</u>	<u>\$ 92,489</u>	<u>\$ 565,798</u>
Client Type			
Commercial	\$ 34,072	\$ 7,548	\$ 41,620
Government	182,079	84,695	266,774
Utilities ⁽²⁾	257,158	246	257,404
Total ⁽¹⁾	<u>\$ 473,309</u>	<u>\$ 92,489</u>	<u>\$ 565,798</u>
Geography ⁽³⁾			
Domestic	<u>\$ 473,309</u>	<u>\$ 92,489</u>	<u>\$ 565,798</u>

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	2023		
	Energy	Engineering and Consulting	Total
	<i>(in thousands)</i>		
Contract Type			
Time-and-materials	\$ 35,582	\$ 63,530	\$ 99,112
Unit-based	199,040	15,753	214,793
Fixed price	192,354	3,836	196,190
Total ⁽¹⁾	<u>\$ 426,976</u>	<u>\$ 83,119</u>	<u>\$ 510,095</u>
Client Type			
Commercial	\$ 31,162	\$ 5,866	\$ 37,028
Government	159,935	76,972	236,907
Utilities ⁽²⁾	235,879	281	236,160
Total ⁽¹⁾	<u>\$ 426,976</u>	<u>\$ 83,119</u>	<u>\$ 510,095</u>
Geography ⁽³⁾			
Domestic	<u>\$ 426,976</u>	<u>\$ 83,119</u>	<u>\$ 510,095</u>

⁽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 were immaterial for fiscal years 2025, 2024, and 2023.

The following sets forth the assets that are included in Unallocated Corporate as of January 2, 2026 and December 27, 2024.

	2025	2024
	<i>(in thousands)</i>	
Assets:		
Cash and cash equivalents	\$ 65,919	\$ 74,158
Restricted cash	—	—
Accounts receivable, net	(2,618)	(6,881)
Prepaid expenses	5,339	2,765
Goodwill	2	2
Other receivables	2,150	40
Equipment and leasehold improvements, net.	1,310	1,051
ROU Assets	890	1,149
Other	1,952	1,147
Deferred income taxes	26,798	13,346
	<u>\$ 101,742</u>	<u>\$ 86,777</u>

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 fiscal years 2025, 2024, and 2023.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Customer Concentration

For fiscal years 2025, 2024, and 2023, the Company's top 10 customers accounted for 50.7%, 51.3%, and 52.7%, respectively, of the Company's consolidated contract revenue. For fiscal year 2025, the Company had individual customers that accounted for more than 10% of its consolidated contract revenue; for fiscal year 2025, the Company derived 23.2% of its consolidated contract revenue from two customers, Clark County School District and Southern California Edison. For fiscal years 2024 and 2023, the Company had no individual customers that accounted for more than 10% of its consolidated contract revenue.

On a segment basis, the Company also had individual customers that accounted for more than 10% of its segment contract revenues. For fiscal year 2025, the Company derived 27.4% of its Energy segment revenues from two customers, Clark County School District and Southern Edison, and had no individual customers accounted for more than 10% of its Engineering and Consulting segment revenues. For fiscal year 2024, the Company derived 10.7% of its Energy segment revenues from one customer, Southern California Edison, and had no individual customers accounted for more than 10% of its Engineering and Consulting segment revenues. For fiscal year 2023, the Company derived 22.7% of its Energy segment revenues from two customers, Los Angeles Department of Water and Power ("LADWP") and the Dormitory Authority State of New York ("DASNY"), and had no individual customers accounted for more than 10% of its Engineering and Consulting segment revenues.

The Company's largest clients are based in California, New York, and Nevada. In fiscal years 2025, 2024, and 2023, services provided to clients in California accounted for 43.5%, 43.9%, and 45.1%, respectively, of the Company's consolidated contract revenue, services provided to clients in New York accounted for 19.0%, 23.6%, and 24.7%, respectively, of the Company's consolidated contract revenue, and services provided to clients in Nevada accounted for 11.8%, 8.2%, and 0.3%, respectively, of the Company's consolidated contract revenue.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

10. SHAREHOLDERS' EQUITY

Stock Incentive Plans

2006 Stock Incentive Plan

In June 2006, the Company's board of directors adopted the 2006 Stock Incentive Plan ("2006 Plan") and it received stockholder approval. The Company re-submitted the 2006 Plan to its stockholders for post-IPO approval at the 2007 annual meeting of the stockholders and it was approved. After the Company's shareholders approved the 2008 Plan (as defined below) in June 2008, no additional awards were granted under the 2006 Plan. The 2006 Plan had 300,000 shares of common stock reserved for issuance to the Company's directors, executives, officers, employees, consultants and advisors. Approximately 182,735 shares that were available for award grant purposes under the 2006 Plan became available for grant under the 2008 Plan following shareholder approval of the 2008 Plan. Options granted under the 2006 Plan could be "non-statutory stock options" which expired no more than 10 years from the date of grant or "incentive stock options" as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). Upon exercise of non-statutory stock options, the Company is generally entitled to a tax deduction on the exercise of the option for an amount equal to the excess over the exercise price of the fair market value of the shares at the date of exercise. The Company is generally not entitled to any tax deduction on the exercise of an incentive stock option. The 2006 Plan terminated in June 2016 and, as of January 2, 2026, there were no outstanding stock options under the 2006 Plan.

Amended and Restated 2008 Performance Incentive Plan

In March 2008, the Company's board of directors adopted the 2008 Performance Incentive Plan ("2008 Plan"), and it received stockholder approval at the 2008 annual meeting of the stockholders in June 2008. The 2008 Plan was originally set to terminate on April 17, 2027 but received extensions through several annual meetings of the stockholders, the latest of which was the 2025 annual meeting of the stockholders. The 2008 Plan is currently scheduled to expire on April 13, 2035.

The 2008 Plan initially had 450,000 shares of common stock reserved for issuance (not counting any shares originally available under the 2006 Plan that "poured over") and, through several annual meetings of the stockholders, stockholders approved share increases to the 2008 Plan, the latest of which was the 2025 annual meeting of the stockholders approving a 150,000 share increases. The maximum number of shares of the Company's common stock that may be issued or transferred pursuant to awards under the 2008 Plan can also be increased by any shares subject to stock options granted under the 2006 Plan and outstanding as of June 9, 2008 which expire, or for any reason are cancelled or terminated, after June 9, 2008 without being exercised. As of January 2, 2026, the 2008 Plan had 938,000 shares of common stock reserved for issuance. Awards authorized by the 2008 Plan include stock options, stock appreciation rights, restricted stock, stock bonuses, stock units, performance stock, and other share-based awards. No participant may be granted an option to purchase more than 300,000 shares in any fiscal year. Options generally may not be granted with exercise prices less than fair market value at the date of grant, with vesting provisions and contractual terms determined by the compensation committee of the board of directors on a grant-by-grant basis, subject to the minimum vesting provisions contained in the 2008 Plan. Options granted under the 2008 Plan may be "nonqualified stock options" or "incentive stock options" as defined in Section 422 of the Internal Revenue Code. The maximum term of each option shall be 10 years. Upon exercise of nonqualified stock options, the Company is generally entitled to a tax deduction on the exercise of the option for an amount equal to the excess over the exercise price of the fair market value of the shares at the date of exercise. The Company is generally not entitled to any tax deduction on the exercise of an incentive stock option. For awards other than stock options, the Company is generally entitled to a tax deduction at the time the award holder recognizes income with respect to the award equal to the amount of compensation income recognized by the award holder. Options and other awards provide for accelerated vesting if there is a change in control (as defined in the 2008 Plan) and the outstanding awards are not substituted or assumed in connection with the transaction.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Through January 2, 2026, outstanding awards granted, net of forfeitures and exercises, under the 2008 Plan consisted of 24,000 shares of incentive stock options, 376,000 shares of nonqualified stock options, 98,000 shares of restricted stock awards, 123,000 shares of restricted stock units, and 184,000 shares of performance-based restricted stock units.

Employee Stock Purchase Plan

Amended and Restated 2006 Employee Stock Purchase Plan

The Company adopted its Amended and Restated 2006 Employee Stock Purchase Plan (“ESPP”) to allow eligible employees the right to purchase shares of common stock, at semi-annual intervals, with their accumulated payroll deductions. The ESPP received stockholder approval in June 2006. The Company re-submitted the ESPP to its stockholders for post-IPO approval at the 2007 annual stockholders’ meeting where approval was obtained. The ESPP initially had 300,000 shares of common stock reserved for issuance. At the 2017 and 2023 annual meeting of the stockholders, the stockholders approved an 825,000 and 800,000 share increase to the ESPP, respectively. A total of 1,925,000 shares of the Company’s common stock have been reserved for issuance under the ESPP.

The ESPP has semi-annual periods beginning on each January 1 and ending on each June 30 and beginning on each July 1 and ending on each December 31. The first offering period commenced on February 10, 2007 and ended on June 30, 2007. Participants make contributions under the ESPP only by means of payroll deductions each payroll period. The rate of payroll contributions elected by a Participant may not be less than one percent (1%) nor more than ten percent (10%) of the Participant’s Earnings for each payroll period, and only whole percentages may be elected. The accumulated contributions are applied to the purchase of shares. Shares are purchased under the ESPP on, or as soon as practicable after, the last day of the offering period. The purchase price per share equals 85% of the fair market value of a share on the lesser price of the share on the first day or last day of the offering period. The Company’s Amended and Restated 2006 Employee Stock Purchase Plan is a compensatory plan.

As of January 2, 2026, there were 702,000 shares available for issuance under the ESPP.

Stock-based Compensation Expense

The compensation expense that has been recognized for stock options, restricted stock awards (“RSA”), restricted stock units (“RSU”), performance-based restricted stock units (“PBRSU”), and ESPP issued under these plans was \$11.8 million, \$7.4 million, and \$5.3 million for fiscal years 2025, 2024, and 2023, respectively.

The Company did not have any unrecognized compensation expense related to nonvested stock options for fiscal years 2025, 2024, and 2023.

The total unrecognized compensation expense related to RSAs was \$2.1 million, \$2.3 million, and \$2.5 million, for fiscal years 2025, 2024, and 2023, respectively. That expense is expected to be recognized over a weighted-average period of 1.0 years.

The total unrecognized compensation expense related to RSUs was \$3.1 million and \$1.4 million for fiscal years 2025 and 2024, respectively. The Company did not have any unrecognized compensation related to RSUs for fiscal year 2023. That expense is expected to be recognized over a weighted-average period of 1.8 years.

The total unrecognized compensation expense related to PBRsUs was \$10.2 million, \$7.0 million, and \$5.2 million for the fiscal years 2025, 2024, and 2023, respectively. That expense is expected to be recognized over a weighted-average period of 1.0 years.

There were no options granted that were immediately vested during the fiscal years 2025, 2024, or 2023.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Summary of Stock Option Activity

A summary of option activity under the 2006 Plan and 2008 Plan as of January 2, 2026 and changes during the fiscal years ended January 2, 2026, December 27, 2024, and December 29, 2023 is presented below. The intrinsic value of the fully-vested options is \$32.3 million based on the Company's closing stock price of \$106.66 and the weighted average exercise price of outstanding options on January 2, 2026.

	<u>Options</u> <i>(in thousands)</i>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Term</u> <i>(in years)</i>
Outstanding at December 27, 2024	551	\$ 23.75	2.30
Granted	—	—	—
Exercised	(151)	18.24	—
Forfeited or expired	—	—	—
Outstanding at January 2, 2026	<u>400</u>	<u>\$ 25.83</u>	1.68
Vested and expected to vest at January 2, 2026	<u>400</u>	<u>\$ 25.83</u>	1.68
Exercisable at January 2, 2026	<u>400</u>	<u>\$ 25.83</u>	1.68
	<u>Options</u> <i>(in thousands)</i>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Term</u> <i>(in years)</i>
Outstanding at December 29, 2023	787	\$ 20.64	2.70
Granted	—	—	—
Exercised	(221)	12.50	—
Forfeited or expired	(15)	26.26	—
Outstanding at December 27, 2024	<u>551</u>	<u>\$ 23.75</u>	2.30
Vested and expected to vest at December 27, 2024	<u>551</u>	<u>\$ 23.75</u>	2.30
Exercisable at December 27, 2024	<u>551</u>	<u>\$ 23.75</u>	2.30
	<u>Options</u> <i>(in thousands)</i>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Term</u> <i>(in years)</i>
Outstanding at December 30, 2022	816	\$ 20.38	3.68
Granted	—	—	—
Exercised	(19)	9.77	—
Forfeited or expired	(10)	19.05	—
Outstanding at December 29, 2023	<u>787</u>	<u>\$ 20.64</u>	2.70
Vested and expected to vest at December 29, 2023	<u>787</u>	<u>\$ 20.64</u>	2.70
Exercisable at December 29, 2023	<u>787</u>	<u>\$ 20.64</u>	2.70

The Company did not have any unvested options, nor changes in nonvested options, during the fiscal years 2025, 2024, and 2023.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Summary of Time-Based Restricted Stock Activity

The Company's time-based restricted stock is comprised of RSAs and RSUs.

A summary of RSAs activity under the 2008 Plan as of January 2, 2026 is presented below:

	<u>Time-Based Restricted Stock Award</u> <i>(in thousands)</i>	<u>Weighted-Average Grant Date Fair Value</u>
Outstanding at December 27, 2024	146	\$ 23.60
Awarded	29	63.96
Vested	(76)	23.62
Forfeited	(1)	17.83
Outstanding at January 2, 2026	<u>98</u>	<u>\$ 35.36</u>
Outstanding at December 29, 2023	171	\$ 20.44
Awarded	45	32.58
Vested	(70)	21.60
Forfeited	—	—
Outstanding at December 27, 2024	<u>146</u>	<u>\$ 23.60</u>
Outstanding at December 30, 2022	135	\$ 34.07
Awarded	154	18.04
Vested	(114)	33.45
Forfeited	(4)	17.83
Outstanding at December 29, 2023	<u>171</u>	<u>\$ 20.44</u>

A summary of RSUs activity under the 2008 Plan as of January 2, 2026 is presented below ⁽¹⁾:

	<u>Time-Based Restricted Stock Unit</u> <i>(in thousands)</i>	<u>Weighted-Average Grant Date Fair Value</u>
Outstanding at December 27, 2024	70	\$ 27.55
Awarded	77	41.53
Vested	(24)	27.55
Forfeited	—	—
Outstanding at January 2, 2026	<u>123</u>	<u>\$ 36.28</u>
Outstanding at December 29, 2023	—	\$ —
Awarded	70	27.55
Vested	—	—
Forfeited	—	—
Outstanding at December 27, 2024	<u>70</u>	<u>\$ 27.55</u>

(1) *The Company did not grant, nor have any RSU activity, prior to fiscal year 2024.*

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Summary of Performance-Based Restricted Stock Unit Activity

A summary of performance-based restricted stock unit activity under the 2008 Plan as of January 2, 2026 is presented below:

	Performance-Based Restricted Stock Unit <i>(in thousands)</i>	Weighted-Average Grant Date Fair Value
Outstanding at December 27, 2024	169	\$ 19.59
Awarded	209	37.35
Released	(194)	25.85
Forfeited	—	—
Outstanding at January 2, 2026	<u>184</u>	\$ 29.34
Outstanding at December 29, 2023	130	\$ 22.88
Awarded	144	25.44
Released	(105)	31.60
Forfeited	—	—
Outstanding at December 27, 2024	<u>169</u>	\$ 19.59
Outstanding at December 30, 2022	66	\$ 27.93
Awarded	112	19.89
Released	(46)	22.84
Forfeited	(2)	21.67
Outstanding at December 29, 2023	<u>130</u>	\$ 22.88

Fair Value Valuation Assumptions

Stock Option Grants

The fair value of each option is calculated using the Black-Scholes option valuation model that uses assumptions of expected volatility, expected dividends, expected term in years, and a risk-free rate. Expected volatility is based upon historical volatility of “guideline companies” since the length of time the Company’s shares have been publicly traded is equal to the contractual term of the options. The expected term of the option, taking into account both the contractual term of the option and the effects of employees’ expected exercise and expected post-vesting termination behavior is estimated based upon the simplified method. Under this approach, the expected term is presumed to be the mid-point between the vesting date and the end of the contractual term. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

No options were granted during fiscal years 2025, 2024, or 2023.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

RSA, RSU and PBR SU Grants

The Company's time-based RSAs and RSUs are valued on the closing price of the Company's common stock on the date of grant and vest over a three-year period.

The Company's performance-based restricted stock unit awards are valued on the closing price of the Company's common stock on the date of grant and vest over a performance period. Under the Company's PBR SU design, 50% of each award will vest based on the Company's Adjusted EBITDA performance over a three-year performance period, and the remaining 50% of each award will vest based upon the Company's adjusted diluted earnings per share performance over a three-year performance period, respectively. At the end of the full three-year vesting period for the grant, the number of PBR SUs that are earned based on the achievement of Adjusted EBITDA and Adjusted Diluted EPS is then multiplied by a percentage based on the Company's Relative Total Shareholder Return for the three-year period.

ESPP

The fair value of ESPP purchase rights issued is calculated using the Black-Scholes valuation model that uses the assumptions noted in the following table. Purchase right under the ESPP are generally granted on either January 1 or July 1 of each year. The assumptions are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Weighted-average expected term (in years)5	.5	.5
Risk-Free interest Rate	4.1 %	5.1 %	4.9 %
Stock Price Volatility	30.7 %	29.7 %	29.9 %
Dividend yield	0 %	0 %	0 %
Fair Value	\$ 52.14	\$ 25.22	\$ 18.50

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

11. INCOME TAXES

On January 2, 2026, the Company adopted ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”. 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). ASU 2023-09 further requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes.

As permitted by ASU 2023-09, the Company adopted this standard on a prospective basis starting with its fiscal year 2025 annual reporting period.

The provision for income taxes is comprised of ⁽¹⁾:

	Fiscal Year		
	2025	2024	2023
	<i>(in thousands)</i>		
Current federal taxes	\$ (341)	\$ 361	\$ 61
Current state taxes	1,234	1,207	676
Current foreign taxes	18	18	—
Deferred federal taxes	(11,570)	1,677	2,022
Deferred state taxes	(1,904)	846	906
	<u>\$ (12,563)</u>	<u>\$ 4,109</u>	<u>\$ 3,665</u>

(1) Revenue from the Company’s foreign operations was immaterial for fiscal years 2025, 2024, and 2023.

The provision for income taxes reconciles to the amounts computed by applying the statutory federal tax rate of 21% for fiscal years 2025, 2024, and 2023 to the Company’s income before income taxes. The sources and tax effects of the differences for fiscal years 2025, 2024 and 2023 are as follows:

	Fiscal Year	
	2025	
	<i>(in thousands)</i>	<i>Percent</i>
US federal statutory tax rate	\$ 8,398	21.0 %
State and local income taxes, net of federal income tax effect ⁽¹⁾	(605)	(1.5)%
Tax credits		
Research and development tax credit	(852)	(2.1)%
Other - tax credits	(29)	(0.1)%
Nontaxable and nondeductible items		
Officer compensation	1,328	3.3 %
Stock compensation	(2,610)	(6.5)%
Other - nondeductible items	211	0.5 %
Other		
Energy efficiency building deduction	(18,509)	(46.3)%
Other	83	0.2 %
Foreign tax effects	22	0.1 %
Effective tax rate	<u>\$ (12,563)</u>	<u>(31.4)%</u>

(1) The state and local jurisdiction that contribute to the majority (greater than 50%) of the tax effect in this category include California, New York State, and New York City.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	Fiscal Year	
	2024	2023
	<i>(in thousands)</i>	
Computed “expected” federal income tax expense	\$ 5,603	\$ 3,064
Permanent differences	52	194
Nondeductible executive compensation	600	121
Stock options and disqualifying dispositions	(910)	560
Energy efficient building deduction	(2,053)	(717)
Current and deferred state income tax expense, net of federal benefit	1,694	1,250
Research and development tax credit	(813)	(867)
Change in valuation allowance	(85)	—
Other	21	60
Provision for income taxes	<u>\$ 4,109</u>	<u>\$ 3,665</u>
Effective tax rate	15.4 %	25.1 %

The Company's effective tax rate includes the impact of discrete items such as the excess tax benefit on stock compensation deductions. Stock compensation deductions are recognized in the period in which stock awards vest, or exercise, and are calculated as the difference between the recorded stock compensation expense and the amount realized at the vesting or exercise date. In addition, the Company's effective tax rate includes estimates related to deductions related to energy-efficiency building deduction under Section 179D. These estimates are calculated based on the most readily available information including building-specific data, estimated project completion dates, estimated deduction rates, and related tax law guidance. Changes related to estimates are recognized in the period in which they occur.

The tax effects of temporary differences that give rise to significant portions of the net deferred tax assets and liabilities are as follows:

	January 2, 2026	December 27, 2024
	<i>(in thousands)</i>	
Deferred tax assets:		
Other accrued liabilities	\$ 4,942	\$ 4,642
Federal and state net operating losses	18,751	11,451
Lease liability	4,882	4,269
Stock compensation	1,902	1,509
Capitalized research and development	6,369	5,058
Credit carryforwards	4,236	2,395
Excess business interest limitation	746	—
Other	367	212
Total deferred tax assets	<u>42,195</u>	<u>29,536</u>
Valuation allowance	(1,106)	(1,106)
Net deferred tax assets	<u>\$ 41,089</u>	<u>\$ 28,430</u>
Deferred tax liabilities:		
Deferred revenue	\$ (2,687)	\$ (2,899)
Fixed assets	(1,390)	(2,813)
Intangible assets	(5,194)	(5,475)
Lease right-of-use assets	(4,432)	(3,806)
Prepays	(756)	—
Other	—	(91)
Total deferred tax liabilities	<u>(14,459)</u>	<u>(15,084)</u>
Net deferred tax asset	<u>\$ 26,630</u>	<u>\$ 13,346</u>

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

As of January 2, 2026, the Company had federal and state operating loss carryovers of \$67.0 million and \$78.6 million, respectively. As of January 2, 2026, the Company had a federal tax credit carryforward of \$4.2 million, and an immaterial amount of state tax credit carryforward. The federal net operating losses begin to expire in 2028. The majority of the state net operating loss carryovers will begin to expire in 2031.

During each fiscal year, management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize existing deferred tax assets. During fiscal year 2025, no change was made to the tax valuation allowance as the available positive and negative evidence did not warrant for any changes. During fiscal year 2024, \$0.1 million of the valuation allowance was released due to expected future utilization of deferred tax assets.

As of January 2, 2026 and December 27, 2024, the Company’s liabilities related to uncertain tax positions were immaterial to the consolidated financial statements. The Company may be subject to examination by the Internal Revenue Service (“IRS”) for calendar years 2022 through 2025. The Company may also be subject to examination on certain state and local jurisdictions for the years 2021 through 2025.

The Company's policy is to recognize interest and penalties related to unrecognized tax benefits in income tax expense. As of January 2, 2026 and December 27, 2024, the Company did not have any unrecognized tax benefits. In addition, during the fiscal year 2025, the Company did not have any additions or reductions of unrecognized tax benefits.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBA”) was signed into law. The legislation did not have a material impact on the Company's income tax expense for the year ended December 31, 2025. In addition, OBBA did not have a material impact to the Company's effective income tax rate for 2025. The OBBA makes permanent some key tax provisions for tax year 2026, primarily the repeal of the energy-efficiency building deduction under Section 179D for property for which construction begins after June 30, 2026.

The cash paid for income taxes, net of refunds, during the year was as follows:

	Fiscal Year
	2025
	<i>(in thousands)</i>
Federal	\$ 901
State and Local	
California	943
New York	170
New York City	106
Other	198
Foreign	
Other	20
Total	\$ 2,338

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

12. 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:

	Fiscal Year		
	2025	2024	2023
	<i>(in thousands, except per share amounts)</i>		
Net income (loss)	\$ 52,557	\$ 22,570	\$ 10,926
Weighted-average common shares outstanding	14,461	13,818	13,394
Effect of dilutive stock options and restricted stock awards	610	427	212
Weighted-average common shares outstanding-diluted	15,071	14,245	13,606
Earnings (Loss) per share:			
Basic	\$ 3.63	\$ 1.63	\$ 0.82
Diluted	\$ 3.49	\$ 1.58	\$ 0.80

For the fiscal years 2025, 2024, and 2023, the Company excluded 4,000, 71,000 and 363,000 common shares subject to outstanding equity awards, respectively, from the calculation of diluted shares because their impact would have been anti-dilutive.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

13. BUSINESS COMBINATIONS

Acquisition of Alternative Power Generation, Inc.

On March 3, 2025 (the “APG Closing Date”), the Company acquired all of the capital stock of Alternative Power Generation, Inc. (“APG”). 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 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. 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 goodwill balance resulting from the acquisition of APG will be tax deductible.

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 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.

Consideration for the acquisition of APG includes the following:

	APG
	<i>(in thousands)</i>
Cash consideration	\$ 19,122
Other working capital adjustments and holdbacks	-
Issuance of common stock	5,557
Contingent consideration	12,150
Total consideration	\$ 36,829

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	APG
	<i>(in thousands)</i>
Current assets	\$ 10,606
Non-current assets ⁽¹⁾	12
Liabilities	(12,549)
Non-current lease liability	(240)
Backlog	2,561
Customer relationships	3,402
Tradename	1,424
Goodwill	31,613
Net assets acquired	\$ 36,829

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

During the fiscal year 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 purchase price allocation of APG. The adjustments resulted in an increase of \$6.9 million in the net carrying value of backlog and goodwill, and an aggregate decrease of \$5.3 million in the net carrying value of customer relationships, and tradename. The change in the fair value of intangible assets resulted in a decrease in the amortization expense of \$1.7 million to the consolidated financial statements for the fiscal year ended January 2, 2026.

For the fiscal year 2025, the acquisition related costs associated with APG were not material. During the fiscal year 2025, the acquisition of APG contributed \$27.3 million in revenue and contributed \$1.3 million in income (loss) from operations.

Other 2025 Acquisitions

Acquisition of Compass Municipal Advisors, LLC

On January 2, 2026, (the “Compass Closing Date”), the Company acquired all the equity of Compass Municipal Advisors, LLC. (“Compass”). Compass is a full service municipal advisory firm providing a broad range of financial services to municipalities across the Southeast. Compass’ financial information is included within the Company’s Engineering and Consulting segment beginning in the last day of the Company’s fourth quarter of fiscal year 2025.

The Company agreed to pay (i) \$3.5 million in cash on the Compass Closing Date (subject to holdbacks and adjustments) and (ii) up to \$1.0 million in cash if Compass exceeds certain financial targets during the one year after the Compass Closing Date; for a potential maximum purchase price of \$4.5 million. The Company used cash on hand to fund the initial purchase price on the Compass 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 Compass’ assembled workforce. The Company estimates that the entire goodwill balance resulting from the acquisition will be tax deductible.

As of January 2, 2026, the preliminary consideration is comprised of \$3.4 million in cash, \$0.6 million in other working capital adjustments and holdbacks, and \$0.9 million in contingent consideration. The preliminary fair value of the contingent consideration liability was estimated by discounting to present value the contingent payments expected to be made. The Company applied a discount rate derived from previous valuation studies performed by a third-party valuation firm for the Company’s historical acquisitions with similar characteristics. The preliminary estimate of the fair

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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.

As of January 2, 2026, the purchase price allocation is preliminary and subject to change within the measurement period (not to exceed twelve months following the Compass Closing Date) and is primarily comprised of \$2.0 million in customer relationships, and \$2.0 million in goodwill. The areas of the purchase price allocation that are not yet finalized relate primarily to contingent consideration valuation, intangible assets, and goodwill.

The Company expects to continue to obtain information for the purpose of determining the fair value of the assets acquired on the Compass 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.

During the fiscal year 2025, the Company did not make any adjustments to the consideration paid for Compass, and as a result, there were no adjustments to the purchase price allocation for the fiscal year ended January 2, 2026. For the fiscal year 2025, there were no acquisition related costs associated with Compass. During fiscal year 2025, Compass' contributions to revenue and net income were not material to the Company's consolidated financial statements.

Acquisition of Alpha Inspections, Inc.

On January 31, 2025 (the "Alpha Closing Date"), the Company acquired all of the capital stock of Alpha Inspections, Inc. ("Alpha"). 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.

The Company agreed to pay \$12.0 million to be paid in cash on the Alpha Closing Date (subject to holdbacks and adjustments). 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 goodwill balance resulting from the acquisition of Alpha will be tax deductible.

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. The finalized purchase price allocation is primarily comprised of \$6.0 million in customer relationships and \$4.9 million in goodwill.

During the fiscal year 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 purchase price allocation of Alpha. The adjustments resulted in an aggregate increase of \$3.6 million in the net carrying value of customer relationships and non-current assets, and an aggregate decrease of \$3.5 million in the net carrying value of backlog, tradename, liabilities, and goodwill. The change in the fair value of intangible assets resulted in a decrease of \$0.1 million in the amortization expense for the fiscal year ended January 2, 2026.

For the fiscal year 2025, the acquisition related costs associated with Alpha included in other general and administrative expenses in the consolidated statements of comprehensive income were not material. During fiscal year 2025, Alpha's contributions to revenue and net income were not material to the Company's consolidated financial statements.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following unaudited pro forma financial information for the fiscal years ended January 2, 2026 and December 27, 2024, assumes that the acquisitions of all the outstanding shares of Compass, APG, and Alpha, occurred on the first day of the year prior to the year of acquisition:

	Fiscal Year	
	2025	2024
	<i>(in thousands, except per share data)</i>	
	<i>(Unaudited)</i>	
Pro forma revenue	\$ 690,448	\$ 611,284
Pro forma income (loss) from operations	\$ 44,911	\$ 38,924
Pro forma net income (loss) ⁽¹⁾	\$ 53,561	\$ 29,031
Income (Loss) per share:		
Basic	\$ 3.70	\$ 2.10
Diluted	\$ 3.55	\$ 2.04
Weighted average shares outstanding:		
Basic	14,461	13,818
Diluted	15,071	14,245

⁽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 fiscal year 2025, the acquisitions of Compass, APG, Alpha, contributed \$30.4 million in revenue, and contributed \$3.4 million in income (loss) from operations.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

14. 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.

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

15. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The tables below reflect selected quarterly information for the fiscal years ended January 2, 2026 and December 27, 2024.

	Fiscal Three Months Ended			
	April 4, 2025	July 4, 2025	October 3, 2025	January 2, 2026
	<i>(in thousands except per share amounts)</i>			
Contract revenue	\$ 152,386	\$ 173,473	\$ 182,006	\$ 173,687
Income (loss) from operations	7,036	11,816	14,862	10,433
Income tax expense (benefit)	506	(5,255)	569	(8,383)
Net income (loss)	4,687	15,436	13,721	18,713
Earnings (loss) per share:				
Basic	\$ 0.33	\$ 1.07	\$ 0.94	\$ 1.28
Diluted	\$ 0.32	\$ 1.03	\$ 0.90	\$ 1.23
Weighted-average shares outstanding:				
Basic	14,163	14,444	14,603	14,655
Diluted	14,628	14,917	15,229	15,260

	Fiscal Three Months Ended			
	March 29, 2024	June 28, 2024	September 27, 2024	December 27, 2024
	<i>(in thousands except per share amounts)</i>			
Contract revenue	\$ 122,489	\$ 140,996	\$ 158,252	\$ 144,061
Income (loss) from operations	5,361	6,448	8,674	10,870
Income tax expense (benefit)	986	720	157	2,246
Net income (loss)	2,942	4,594	7,346	7,688
Earnings (loss) per share:				
Basic	\$ 0.22	\$ 0.33	\$ 0.53	\$ 0.55
Diluted	\$ 0.21	\$ 0.33	\$ 0.51	\$ 0.53
Weighted-average shares outstanding:				
Basic	13,605	13,725	13,930	14,012
Diluted	13,910	14,074	14,358	14,509

WILLDAN GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

16. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, Subsequent Events, the Company evaluates subsequent events up until the date the consolidated financial statements are issued. As of February 26, 2026, there were no subsequent events required to be reported.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in and/or disagreements with accountants on accounting and financial disclosure during the fiscal year ended January 2, 2026.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures defined in Rule 13a-15(e) and Rule 15d-15(e) under 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 President and Chief Executive Officer, Michael A. Bieber, and our Chief Financial Officer, Creighton K. Early, as appropriate to allow timely decisions regarding required disclosure.

In connection with the preparation of this Annual Report, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of January 2, 2026. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, at a reasonable assurance level, as of January 2, 2026.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of January 2, 2026. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 Framework). Our management concluded that, as of January 2, 2026, our internal control over financial reporting was effective based on these criteria.

As discussed in Note 13, "*Business Combinations*", to our consolidated financial statements, we acquired Alpha Inspections, Inc. ("Alpha") on January 31, 2025, Alternative Power Generation, Inc. ("APG") on March 3, 2025, and Compass Municipal Advisors, LLC ("Compass"), on January 2, 2026. As permitted by guidelines established by the SEC for newly acquired business, we excluded the acquisition from the scope of our assessment on internal controls over financial reporting for the fiscal year ended January 2, 2026. These acquisitions contributed \$12.4 million of total assets and \$13.0 million of total liabilities, respectively, to our consolidated balance sheet as of January 2, 2026, and \$30.4 million to our consolidated revenues for the fiscal year ended January 2, 2026. We are in the process of integrating these businesses into our overall internal controls over financial reporting process and plan to include our assessment of the businesses' internal control over financial reporting within one year of the applicable acquisition date.

Report of Independent Registered Public Accounting Firm

Crowe LLP, the independent registered public accounting firm that audited the fiscal year 2025 consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of our internal control over financial reporting as of January 2, 2026, which is included herein.

Changes in Internal Controls

On January 31, 2025, March 3, 2025, and January 2, 2026, we completed the acquisition of Alpha, APG, and Compass, respectively. Prior to their acquisition, Alpha, APG, and Compass 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 Alpha, APG, and Compass, and, if needed, to augment our company-wide controls to reflect the risks that may be inherent in the acquisitions of these privately-held companies.

Other than our integrations of Alpha, APG, and Compass, there have been no changes in our internal control over financial reporting during the quarter ended January 2, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

There are no disclosures required by this Item 9B, including those relating to “Rule 10b5-1 trading arrangements” and “non-Rule 10b5-1 trading arrangements,” as those terms are defined in Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to Willdan Group, Inc.'s Proxy Statement for its 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the Company's 2025 fiscal year.

We have posted our Code of Ethical Conduct on our website, www.willdan.com, under the heading "Investors—Governance—Governance Documents." The Code of Ethical Conduct applies to our Chief Executive Officer and Chief Financial Officer. Upon request and free of charge, we will provide any person with a copy of the Code of Ethical Conduct. See "Item 1. Business—Available Information." To the extent required by rules adopted by the SEC and the Nasdaq Stock Market, we intend to promptly disclose future amendments to certain provisions of the code, or waivers of such provisions granted to executive officers and directors on our website at www.willdan.com under "Investors—Governance."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to Willdan Group, Inc.'s Proxy Statement for its 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the Company's 2025 fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this item is incorporated by reference to Willdan Group, Inc.'s Proxy Statement for its 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the Company's 2025 fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to Willdan Group, Inc.'s Proxy Statement for its 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the Company's 2025 fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to Willdan Group, Inc.'s Proxy Statement for its 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the Company's 2025 fiscal year.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

The financial statements included in Part II, Item 8 of this document are filed as part of this Annual Report on Form 10-K.

2. Financial Statements Schedules

All required schedules are omitted because they are not applicable or the required information is shown in the financial statements or the accompanying notes.

3. Exhibits

The exhibits filed as part of this annual report are listed in Item 15(b).

(b) Exhibits.

The following exhibits are filed as a part of this report:

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*	Description of Willdan Group, Inc.'s Capital Stock.
4.3	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).

Exhibit Number	Exhibit Description
10.2	The Security Agreement, dated as of September 29, 2023, by and among Willdan Group, Inc., as Borrower, the Debtors (as defined therein), and BMO Bank N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on October 5, 2023).
10.3†	Form of Performance Based Restricted Stock Unit Award Agreement (pre-2024) (incorporated by reference to Exhibit 10.15 to Willdan Group, Inc.'s Annual Report on Form 10-K filed on March 10, 2023).
10.4†	Form of Restricted Stock Award Agreement (pre-2024) (incorporated by reference to Exhibit 10.16 to Willdan Group, Inc.'s Annual Report on Form 10-K filed on March 10, 2023).
10.5†	Form of Performance Based Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.18 to Willdan Group, Inc.'s Annual Report on Form 10-K filed on March 8, 2024).
10.6†	Form of Time Based Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.19 to Willdan Group, Inc.'s Annual Report on Form 10-K filed on March 8, 2024).
10.7†	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).
10.8†	Amended and Restated Willdan Group, Inc. 2006 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on June 9, 2017).
10.9†	Form of Indemnification Agreement between Willdan Group, Inc. and its Directors and Officers (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, 2016).
10.10†	Consulting Agreement, dated as of February 28, 2024, between Willdan Group, Inc. and Thomas D. Brisbin (incorporated by reference to Exhibit 10.1 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on February 29, 2024).
10.11†	Employment Agreement, by and between Willdan Group, Inc. and Michael Bieber, dated November 13, 2024 (incorporated by reference to Exhibit 10.1 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on November 18, 2024).
10.12†	Employment Agreement, by and between Willdan Group, Inc. and Creighton K. Early, dated November 13, 2024 (incorporated by reference to Exhibit 10.2 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on November 18, 2024).
10.13†	Employment Agreement, by and between Willdan Group, Inc. and Micah Chen, dated November 13, 2024 (incorporated by reference to Exhibit 10.3 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on November 18, 2024).
19.1	Insider Trading Policy (incorporated by reference to Exhibit 19.1 to Willdan Group, Inc.'s Annual Report on Form 10-K filed on March 6, 2025).
21.1*	Subsidiaries of Willdan Group, Inc.
23.1*	Consent of Crowe LLP.
24.1*	Power of Attorney (included on signature page hereto).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 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.

Exhibit Number	Exhibit Description
97	Policy Relating to Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97 to Willdan Group, Inc.'s Annual Report on Form 10-K filed on March 8, 2024).
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.LAB*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.DEF*	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) would be competitively harmful if publicly disclosed.

† Indicates a management contract or compensating plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

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

February 26, 2026

KNOW ALL PERSONS BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Creighton K. Early his/her attorney-in-fact, with the power of substitution, for him/her in any and all capacities, to sign any amendments to this Report on Form 10-K and to file the same, with Exhibits thereto and other documents in connection therewith with the SEC, hereby ratifying and confirming all that said attorney-in-fact, or substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MICHAEL A. BIEBER</u> Michael A. Bieber	President, Chief Executive Officer and Director (principal executive officer)	February 26, 2026
<u>/s/ CREIGHTON K. EARLY</u> Creighton K. Early	Chief Financial Officer and Executive Vice President (principal financial officer and principal accounting officer)	February 26, 2026
<u>/s/ THOMAS D. BRISBIN</u> Thomas D. Brisbin	Chairman of the Board and Director	February 26, 2026
<u>/s/ STEVEN A. COHEN</u> Steven A. Cohen	Director	February 26, 2026
<u>/s/ CYNTHIA A. DOWNES</u> Cynthia A. Downes	Director	February 26, 2026
<u>/s/ DENNIS V. MCGINN</u> Dennis V. McGinn	Director	February 26, 2026
<u>/s/ WANDA K. REDER</u> Wanda K. Reder	Director	February 26, 2026
<u>/s/ MOHAMMAD SHAHIDEHPOUR</u> Mohammad Shahidehpour	Director	February 26, 2026

CORPORATE DIRECTORY

CORPORATE OFFICERS

MICHAEL A. BIEBER

President and Chief Executive Officer

CREIGHTON K. EARLY

Executive Vice President and Chief Financial Officer

MICAH H. CHEN

Executive General Counsel

INDEPENDENT ACCOUNTING FIRM

CROWE LLP

Los Angeles, CA

TRANSFER AGENT

COMPUTERSHARE INVESTOR SERVICES

Canton, MA

BOARD OF DIRECTORS

THOMAS D. BRISBIN

Chairman of the Board

MICHAEL A. BIEBER

President and Chief Executive Officer

STEVEN A. COHEN

Director

CYNTHIA A. DOWNES

Director

DENNIS V. MCGINN

Director

WANDA K. REDER

Director

MOHAMMAD SHAHIDEHPOUR

Director

ANNUAL MEETING

The annual meeting of stockholders will be held on June 17, 2026.

INVESTOR RELATIONS

Please direct inquiries to:

ALBERT L. KASCHALK

Vice President, Investor Relations

ir@willdan.com

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