Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

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

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

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

As of November 5, 2026, there were 15,326,126 shares of common stock, $0.01 par value per share, of Willdan Group, Inc. issued and outstanding.

WILLDAN GROUP, INC.
FORM 10-Q QUARTERLY REPORT

TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	3
Item 1. Financial Statements (Unaudited)	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	38
Item 3. Quantitative and Qualitative Disclosures About Market Risk	51
Item 4. Controls and Procedures	52
PART II. OTHER INFORMATION	53
Item 1. Legal Proceedings	53
Item 1A. Risk Factors	53
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	53
Item 3. Defaults upon Senior Securities	54
Item 4. Mine Safety Disclosures	54
Item 5. Other Information	54
Item 6. Exhibits	55

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

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

- our ability to adequately complete projects in a timely manner;
- our ability to compete successfully in the highly competitive energy services market, which represented 85% of our consolidated revenue in fiscal year 2025;
- our reliance on work from our top ten clients, which accounted for 51% of our consolidated contract revenue for fiscal year 2025;
- 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 elsewhere in this Quarterly Report on Form 10-Q, and under Part I, Item 1A. “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in our Annual Report on Form 10-K for the fiscal year ended January 2, 2026, as such disclosures may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission, including subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and public communications. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q and otherwise in the context of these risks and uncertainties.

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	October 2, 2026	January 2, 2026
Assets		
Current assets:		
Cash and cash equivalents	$ 39,155	$ 65,919
Restricted cash	3,056	—
Accounts receivable, net of allowance for doubtful accounts of $212 and $340 at October 2, 2026 and January 2, 2026, respectively	97,546	64,604
Contract assets	130,215	107,296
Other receivables	2,158	6,330
Prepaid expenses and other current assets	12,168	7,528
Total current assets	284,298	251,677
Equipment and leasehold improvements, net	28,370	31,491
Goodwill	223,204	179,530
Right-of-use assets	17,136	16,600
Other intangible assets, net	59,832	35,521
Other assets	1,670	2,762
Deferred income taxes, net	31,412	26,630
Total assets	$ 645,922	$ 544,211
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 51,529	$ 45,628
Accrued liabilities	88,736	82,434
Contingent consideration payable	16,731	3,732
Contract liabilities	26,277	21,565
Notes payable	2,500	2,500
Finance lease obligations	1,076	1,225
Lease liability	4,768	4,670
Total current liabilities	191,617	161,754
Contingent consideration payable, less current portion	9,181	16,651
Notes payable, less current portion	59,137	45,962
Finance lease obligations, less current portion	905	1,162
Lease liability, less current portion	13,918	13,762
Other noncurrent liabilities	69	69
Total liabilities	274,827	239,360
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; 15,330 and 14,762 shares issued and outstanding at October 2, 2026 and January 2, 2026, respectively	153	148
Additional paid-in capital	236,502	215,269
Accumulated other comprehensive income (loss)	—	(270)
Retained earnings	134,440	89,704
Total stockholders' equity	371,095	304,851
Total liabilities and stockholders' equity	$ 645,922	$ 544,211

See accompanying notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Nine Months Ended	
	October 2, 2026	October 3, 2025	October 2, 2026	October 3, 2025
Contract revenue	$ 214,527	$ 182,006	$ 600,669	$ 507,865
Direct costs of contract revenue (inclusive of directly related depreciation and amortization):				
Salaries and wages	29,702	27,878	88,766	82,198
Subcontractor services and other direct costs	102,372	87,039	278,840	232,592
Total direct costs of contract revenue	132,074	114,917	367,606	314,790
Gross profit	82,453	67,089	233,063	193,075
General and administrative expenses:				
Salaries and wages, payroll taxes and employee benefits	39,476	31,720	112,944	95,404
Facilities and facility related	2,499	2,369	7,392	7,362
Stock-based compensation	4,972	3,147	13,475	8,755
Depreciation and amortization	5,780	3,913	18,197	13,857
Other	13,422	11,078	37,725	33,983
Total general and administrative expenses	66,149	52,227	189,733	159,361
Income (Loss) from operations	16,304	14,862	43,330	33,714
Other income (expense):				
Interest expense, net	(1,071)	(902)	(2,992)	(4,890)
Other, net	166	330	1,400	840
Total other expense, net	(905)	(572)	(1,592)	(4,050)
Income (Loss) before income taxes	15,399	14,290	41,738	29,664
Income tax (benefit) expense	3,538	569	(2,998)	(4,180)
Net income (loss)	11,861	13,721	44,736	33,844
Other comprehensive income (loss):				
Unrealized gain (loss) on derivative contracts, net of tax	71	(20)	270	(17)
Comprehensive income (loss)	$ 11,932	$ 13,701	$ 45,006	$ 33,827
Earnings (Loss) per share:				
Basic	$ 0.78	$ 0.94	$ 2.98	$ 2.35
Diluted	$ 0.76	$ 0.90	$ 2.89	$ 2.26
Weighted-average shares outstanding:				
Basic	15,196	14,603	14,993	14,397
Diluted	15,541	15,229	15,455	14,987

See accompanying notes to Condensed Consolidated Financial Statements.

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

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at January 2, 2026	14,762	$ 148	$215,269	$ (270)	$ 89,704	$304,851
Shares of common stock issued in connection with employee stock purchase plan	34	—	1,921	—	—	1,921
Shares used to pay taxes on stock grants	(108)	(1)	(8,767)	—	—	(8,768)
Issuance of restricted stock award and units	278	3	(3)	—	—	—
Stock-based compensation expense	—	—	3,692	—	—	3,692
Net income (loss)	—	—	—	—	8,530	8,530
Net unrealized gain (loss) on derivative contracts	—	—	—	119	—	119
Balance at April 3, 2026	14,966	$ 150	$212,112	$ (151)	$ 98,234	$310,345
Shares of common stock issued in connection with incentive stock plan	79	1	1,592	—	—	1,593
Shares used to pay taxes on stock grants	(3)	—	(281)	—	—	(281)
Issuance of restricted stock award and units	23	—	—	—	—	—
Stock issued to acquire businesses	132	1	9,571	—	—	9,572
Stock-based compensation expense	—	—	4,811	—	—	4,811
Net income (loss)	—	—	—	—	24,345	24,345
Net unrealized gain (loss) on derivative contracts	—	—	—	80	—	80
Balance at July 3, 2026	15,197	$ 152	$227,805	$ (71)	$122,579	$350,465
Shares of common stock issued in connection with employee stock purchase plan	35	—	2,348	—	—	2,348
Shares of common stock issued in connection with incentive stock plan	90	1	1,459	—	—	1,460
Shares used to pay taxes on stock grants	(1)	—	(82)	—	—	(82)
Issuance of restricted stock award and units	9	—	—	—	—	—
Stock-based compensation expense	—	—	4,972	—	—	4,972
Net income (loss)	—	—	—	—	11,861	11,861
Net unrealized gain (loss) on derivative contracts	—	—	—	71	—	71
Balance at October 2, 2026	15,330	$ 153	$236,502	$ 0	$134,440	$371,095

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

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance at December 27, 2024	14,169	$ 142	$197,368	$ (314)	$ 37,147	$234,343
Shares of common stock issued in connection with employee stock purchase plan	60	—	1,485	—	—	1,485
Shares of common stock issued in connection with incentive stock plan	5	—	81	—	—	81
Shares used to pay taxes on stock grants	(69)	(1)	(2,877)	—	—	(2,878)
Issuance of restricted stock award and units	155	2	(2)	—	—	—
Stock issued to acquire businesses	177	2	5,555	—	—	5,557
Stock-based compensation expense	—	—	2,426	—	—	2,426
Net income (loss)	—	—	—	—	4,687	4,687
Net unrealized gain (loss) on derivative contracts	—	—	—	(185)	—	(185)
Balance at April 4, 2025	14,497	$ 145	$204,036	$ (499)	$ 41,834	$245,516
Shares of common stock issued in connection with incentive stock plan	106	1	1,827	—	—	1,828
Shares used to pay taxes on stock grants	(4)	—	(215)	—	—	(215)
Issuance of restricted stock award and units	12	—	—	—	—	—
Stock-based compensation expense	—	—	3,182	—	—	3,182
Net income (loss)	—	—	—	—	15,436	15,436
Net unrealized gain (loss) on derivative contracts	—	—	—	188	—	188
Balance at July 4, 2025	14,611	$ 146	$208,830	$ (311)	$ 57,270	$265,935
Shares of common stock issued in connection with employee stock purchase plan	55	1	1,763	—	—	1,764
Shares of common stock issued in connection with incentive stock plan	30	—	589	—	—	589
Shares used to pay taxes on stock grants	(19)	—	(2,044)	—	—	(2,044)
Issuance of restricted stock award and units	77	1	(1)	—	—	—
Stock-based compensation expense	—	—	3,147	—	—	3,147
Net income (loss)	—	—	—	—	13,721	13,721
Net unrealized gain (loss) on derivative contracts	—	—	—	(20)	—	(20)
Balance at October 3, 2025	14,754	$ 148	$212,284	$ (331)	$ 70,991	$283,092

See accompanying notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended	
	October 2, 2026	October 3, 2025
Cash flows from operating activities:		
Net income (loss)	$ 44,736	$ 33,844
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	18,197	13,857
Other non-cash items	(291)	699
Deferred income taxes, net	(4,782)	(4,152)
(Gain) loss on sale/disposal of equipment	(68)	(26)
Provision for doubtful accounts	119	214
Stock-based compensation	13,475	8,755
Accretion and fair value adjustments of contingent consideration	2,698	2,145
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	(23,441)	5,637
Contract assets	(22,900)	(27,501)
Other receivables	4,161	(5,040)
Prepaid expenses and other current assets	1,393	(457)
Other assets	1,116	(597)
Accounts payable	(4,285)	12,214
Accrued liabilities	5,325	3,527
Contract liabilities	(2,132)	(2,470)
Right-of-use assets	(375)	255
Net cash (used in) provided by operating activities	32,946	40,904
Cash flows from investing activities:		
Purchase of equipment, software, and leasehold improvements	(5,189)	(6,924)
Proceeds from sale of equipment	76	28
Cash paid for acquisitions, net of cash acquired	(55,845)	(33,431)
Net cash (used in) provided by investing activities	(60,958)	(40,327)
Cash flows from financing activities:		
Payments on contingent consideration	(8,807)	—
Receipt of restricted cash	7,242	—
Payment on restricted cash	(4,186)	—
Payments on notes payable	—	(137)
Payments on debt issuance costs	—	(332)
Payments made to retire prior credit agreement	—	(90,000)
Borrowing to fund new credit agreement	—	88,414
Borrowing under revolving credit facility	30,000	—
Payments under revolving credit facility	(15,000)	—
Principal payments on outstanding debt	(1,875)	(39,039)
Principal payments on finance leases	(1,262)	(1,142)
Proceeds from stock option exercise	3,053	2,498
Proceeds from sales of common stock under employee stock purchase plan	4,269	3,249
Cash used to pay taxes on stock grants	(9,130)	(5,137)
Net cash (used in) provided by financing activities	4,304	(41,626)
Net increase (decrease) in cash, cash equivalents and restricted cash	(23,708)	(41,049)
Cash, cash equivalents and restricted cash at beginning of period	65,919	74,158
Cash, cash equivalents and restricted cash at end of period	$ 42,211	$ 33,109
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for:		
Interest	$ 2,856	$ 4,828
Income taxes	1,313	2,471
Supplemental disclosures of noncash investing and financing activities:		
Issuance of common stock related to business acquisitions	$ 9,572	$ 5,557
Contingent consideration related to business acquisitions	11,638	12,150
Other working capital adjustment	1,336	—
Equipment acquired under finance leases	856	1,264

See accompanying notes to Condensed Consolidated Financial Statements.

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

The accounting policies followed by the Company are set forth in Part II, Item 8, Note 1, "*Organization and Operations of the Company"*, of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2026. In the opinion of management, all adjustments necessary to fairly state the Condensed Consolidated Financial Statements have been made. All such adjustments are of a normal, recurring nature. Certain information and footnote disclosures normally included in the Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC").
These Condensed Consolidated Financial Statements and related notes thereto should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2026. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year.

Fiscal Years

The Company operates and reports its annual financial results based on 52 or 53-week periods ending on the Friday closest to December 31. The Company operates and reports its quarterly financial results based on the 13-week period ending on the Friday closest to June 30, September 30, and December 31 and the 13 or 14-week period ending on the Friday closest to March 31, as applicable. Fiscal year 2026, which ends on January 1, 2027, will be comprised of 52 weeks, with all quarters consisting of 13 weeks each. 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.

Use of Estimates

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

Reclassifications

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

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

2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Recently Issued

In December 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 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

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

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 SEC. The targeted amendments incorporate 14 of the 27 disclosures referred by the SEC into codification. Each amendment in ASU 2023-06 is effective on either the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. The Company does not believe the amendments in ASU 2023-06 will have a material impact on any of the Company's current disclosures.

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

3. REVENUES

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

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

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

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

Many of the Company's fixed price contracts involve a high degree of subcontracted fixed price effort and, usually, are relatively short in duration, thereby lowering the risks of not properly estimating the percent complete. As of October 2, 2026, the Company had $492.6 million related to remaining performance obligations of fixed price contracts of which $157.8 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 condensed consolidated balance sheets. The Company also derives revenue from software licenses and professional services and maintenance fees. In accordance with ASC 606, the Company performs an assessment of each contract to identify the performance obligations, determine the overall transaction price for the contract, allocate the transaction price to the performance obligations, and recognize the revenue when the performance obligations are satisfied. 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

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

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.

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's estimates of variable consideration and determination of whether to include estimated amounts in the

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

transaction price are based largely on assessments of legal enforceability, the Company's performance, and all information (historical, current and forecasted) that is reasonably available to the Company.

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

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

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

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

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

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

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

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

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

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

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

Retainage 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 October 2, 2026, contract assets and contract liabilities included retainage of $20.4 million, and $5.3 million, respectively. As of January 2, 2026, contract assets included retainage of $29.5 million and there was no retainage included in contract liabilities.

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

4. SUPPLEMENTAL FINANCIAL STATEMENT DATA

Restricted Cash

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

	October 2, 2026	January 2, 2026
	(in thousands)	
Cash and cash equivalents	$ 39,155	$ 65,919
Restricted cash	3,056	—
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	$ 42,211	$ 65,919

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

Equipment and Leasehold Improvements

	October 2, 2026	January 2, 2026
	(in thousands)	
Furniture and fixtures	$ 5,460	$ 5,157
Computer hardware and software	63,848	59,687
Leasehold improvements	4,550	4,343
Equipment under finance leases	7,841	7,471
Automobiles, trucks, and field equipment	4,047	4,053
Subtotal	85,746	80,711
Accumulated depreciation and amortization	(57,376)	(49,220)
Equipment and leasehold improvements, net	$ 28,370	$ 31,491

Included in accumulated depreciation and amortization is $1.2 million and $1.5 million of amortization expense related to equipment held under finance leases for the nine months ended October 2, 2026 and for fiscal year 2025, respectively.

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

Accrued Liabilities

	October 2, 2026	January 2, 2026
	(in thousands)	
Accrued subcontractor costs	$ 44,082	$ 37,123
Accrued bonuses	28,242	27,478
Employee withholdings	3,721	5,999
Compensation and payroll taxes	4,686	5,534
Utility incentives	3,056	—
Accrued accounting costs and taxes	4,949	6,300
Total accrued liabilities	$ 88,736	$ 82,434

Goodwill

	January 2, 2026	Additional Purchase Cost	Additions / Adjustments	October 2, 2026
		(in thousands)		
Reporting Unit:				
Energy	$ 170,835	$ 35,122	$ 8,479	$ 214,436
Engineering and Consulting	8,695	—	73	8,768
	$ 179,530	$ 35,122	$ 8,552	$ 223,204

The Company tests its goodwill at least annually for possible impairment. The Company completes its annual testing of goodwill as of the last day of the first month of its fourth fiscal quarter each year to determine whether there is a potential impairment. In addition to the Company's annual test, it regularly evaluates whether events and circumstances have occurred that may indicate a potential impairment of goodwill. The Company evaluated the current economic environment and noted that it does not believe it is more likely than not that goodwill was impaired as of October 2, 2026.

Intangible Assets

	October 2, 2026		January 2, 2026		
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization	Amortization Period
	(in thousands)				*(in years)*
Finite:					
Backlog	$ 11,600	$ 11,042	$ 11,600	$ 9,853	1.0
Tradename	21,408	15,861	17,773	14,285	2.5 - 6.0
Non-compete agreements	1,837	1,615	1,835	1,535	4.0 - 5.0
Customer relationships	103,102	49,597	73,400	43,414	5.0 - 12.0
Total intangible assets	$ 137,947	$ 78,115	$ 104,608	$ 69,087	

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

5. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

On November 30, 2023, the Company entered into an interest rate swap agreement that the Company designated as cash flow hedge to fix the variable interest rate on a portion of the Company's Term Loan (see Note 6, *"Debt Obligations"* for information regarding our indebtedness). The interest rate swap agreement had a total notional amount of $50.0 million, a fixed annual interest rate of 4.77%, and expired on September 29, 2026.

At its expiration, changes in the fair value of the Company's interest rate swap agreement were immaterial to the Company's condensed consolidated financial statements and were included in accrued liabilities in the condensed consolidated balance sheet.

At its expiration, the effective portion of the Company's interest rate swap agreement designated as a cash flow hedge was immaterial to the Company's condensed consolidated financial statements, and all amounts were reclassified from accumulated other comprehensive income to interest expense.

As of October 2, 2026, the Company had no derivative financial instruments in place.

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

6. DEBT OBLIGATIONS

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

	October 2, 2026	January 2, 2026
Credit Agreement	*(in thousands)*	
Outstanding borrowings on Term Loan A	$ 46,875	$ 48,750
Outstanding borrowings on Revolving Credit Facility	15,000	—
Outstanding borrowings on Delayed Draw Term Loan	—	—
Total debt	61,875	48,750
Issuance costs and debt discounts	(238)	(288)
Subtotal	61,637	48,462
Less current portion of long-term debt	2,500	2,500
Long-term debt portion	$ 59,137	$ 45,962

The Amended and Restated Credit Agreement (the "Amended and Restated Credit Agreement") governing the Company's Revolving Credit Facility and Delayed Draw Term Loan under the Amended and Restated Credit Agreement (the "Credit Facilities") require the Company to comply with certain financial obligations, including a maximum Net Leverage Ratio and a minimum Fixed Charge Coverage Ratio (as defined in the Amended and Restated Credit Agreement). The Amended and Restated Credit Agreement also contains customary restrictive covenants. As of October 2, 2026, the Company was in compliance with all these covenants.

In addition, as of October 2, 2026, the Company's composite interest rate, exclusive of the effects of upfront fees, undrawn fees and issuance cost amortization, was 5.50%.

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

7. LEASES

The Company leases certain office facilities under long-term, non-cancellable operating leases that expire at various dates through 2034. In addition, the Company is obligated under finance leases for certain furniture and office equipment that expire at various dates through 2031.

From time to time, the Company enters into non-cancelable leases for some of its facility and equipment needs. These leases allow the Company to conserve cash by paying a monthly lease rental fee for the use of facilities and equipment rather than purchasing them. The Company's leases typically have remaining terms ranging from one to eight years, some of which may include options to extend the leases for up to five years, and some of which may include options to terminate the leases within one year. Currently, all of the Company's leases contain fixed payment terms. The Company may decide to cancel or terminate a lease before the end of its term, in which case the Company is typically liable to the lessor for the remaining lease payments under the term of the lease. Additionally, all of the Company's month-to-month leases are cancelable by the Company or the lessor, at any time, and are not included in the Company's right-of-use asset or lease liability. As of October 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. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

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

	Three Months Ended		Nine Months Ended	
	October 2, 2026	October 3, 2025	October 2, 2026	October 3, 2025
	(in thousands)		*(in thousands)*	
Operating lease cost	$ 1,541	$ 1,472	$ 4,599	$ 4,589
Sublease Income	(14)	(14)	(41)	(42)
Finance lease cost:				
Amortization of assets	391	368	1,186	1,090
Interest on lease liabilities	32	42	101	134
Total net lease cost	$ 1,950	$ 1,868	$ 5,845	$ 5,771

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

	October 2, 2026	January 2, 2026
	(in thousands)	
Operating leases:		
Right-of-use assets	$ 17,136	$ 16,600
Lease liability	$ 4,768	$ 4,670
Lease liability, less current portion	13,918	13,762
Total lease liabilities	$ 18,686	$ 18,432
Finance leases (included in equipment and leasehold improvements, net):		
Equipment and leasehold improvements, net	$ 7,841	$ 7,471
Accumulated depreciation	(5,854)	(5,166)
Total equipment and leasehold improvements, net	$ 1,987	$ 2,305
Finance lease obligations	$ 1,076	$ 1,225
Finance lease obligations, less current portion	905	1,162
Total finance lease obligations	$ 1,981	$ 2,387
Weighted average remaining lease term (in years):		
Operating Leases	4.86	5.47
Finance Leases	1.84	2.00
Weighted average discount rate:		
Operating Leases	6.19 %	6.47 %
Finance Leases	5.43 %	6.17 %

Rent expense was $1.7 million and $5.0 million for the three and nine months ended October 2, 2026, respectively, as compared to $1.6 million and $5.1 million for the three and nine months ended October 3, 2025, respectively.

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

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

	Nine Months Ended	
	October 2, 2026	October 3, 2025
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ 4,964	$ 5,103
Operating cash flow from finance leases	98	134
Financing cash flow from finance leases	1,262	1,142
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 4,342	$ 4,834

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

	Operating	Finance
	(in thousands)	
Fiscal year:		
Remainder of 2026	$ 1,658	$ 288
2027	5,868	1,172
2028	4,462	501
2029	2,930	102
2030	1,910	13
2031 and thereafter	4,788	2
Total lease payments	21,616	2,078
Less: Imputed interest	(2,930)	(97)
Total lease obligations	18,686	1,981
Less: Current obligations	4,768	1,076
Noncurrent lease obligations	$ 13,918	$ 905

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. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

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

During the nine months ended October 2, 2026 and October 3, 2025, the Company made matching contributions of $3.2 million and $2.4 million, respectively.

Variable Interest Entities

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

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

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

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 October 2, 2026, the Company had one VIE — Genesys.

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

9. SEGMENT AND GEOGRAPHICAL INFORMATION

Segment Information

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

In accordance with ASU 2023-07, the Company's CODM evaluates the performance of each segment based upon the information provided below.

There were no intersegment sales during the three and nine months ended October 2, 2026 and October 3, 2025. In addition, enterprise-wide service line contract revenue is not included as it is impracticable to report this information for each group of similar services.

	Energy	Engineering & Consulting	Unallocated Corporate	Intersegment	Consolidated Total [1]
			(in thousands)		
Fiscal Three Months Ended October 2, 2026					
Contract revenue	$ 184,808	$ 29,719	$ -	$ -	$ 214,527
Direct subcontractor services and other direct costs	100,555	1,817	-	-	102,372
Direct salaries and wages	18,533	11,169	-	-	29,702
Gross profit	65,720	16,733	-	-	82,453
Other indirect costs	44,746	11,186	4,437	-	60,369
EBITDA [2]	20,950	5,548	(4,248)	-	22,250
Interest expense, net	-	-	1,071	-	1,071
Depreciation and amortization	5,257	523	-	-	5,780
Segment profit (loss) before income tax expense	15,693	5,025	(5,319)	-	15,399
Income tax expense (benefit)	3,961	719	(1,142)	-	3,538
Net income (loss)	11,732	4,306	(4,177)	-	11,861
Segment assets [3]	529,220	44,170	72,532	-	645,922
Fiscal Nine Months Ended October 2, 2026					
Contract revenue	$ 515,365	$ 85,304	$ -	$ -	$ 600,669
Direct subcontractor services and other direct costs	272,954	5,886	-	-	278,840
Direct salaries and wages	55,556	33,210	-	-	88,766
Gross profit	186,855	46,208	-	-	233,063
Other indirect costs	125,949	33,494	12,093	-	171,536
EBITDA [2]	61,183	12,712	(10,968)	-	62,927
Interest expense, net	-	-	2,992	-	2,992
Depreciation and amortization	16,636	1,561	-	-	18,197
Segment profit (loss) before income tax expense	44,547	11,151	(13,960)	-	41,738
Income tax expense (benefit)	(3,200)	(801)	1,003	-	(2,998)
Net income (loss)	47,747	11,952	(14,963)	-	44,736
Segment assets [3]	529,220	44,170	72,532	-	645,922

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

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

	Energy	Engineering & Consulting	Unallocated Corporate	Intersegment	Consolidated Total [1]
			(in thousands)		
Fiscal Three Months Ended October 3, 2025					
Contract revenue	$ 154,750	$ 27,256	$ -	$ -	$ 182,006
Direct subcontractor services and other direct costs	85,536	1,503	-	-	87,039
Direct salaries and wages	17,169	10,709	-	-	27,878
Gross profit	52,045	15,044	-	-	67,089
Other indirect costs	35,793	9,878	2,643	-	48,314
EBITDA [2]	16,269	5,165	(2,329)	-	19,105
Interest expense, net	-	-	902	-	902
Depreciation and amortization	3,451	462	-	-	3,913
Segment profit (loss) before income tax expense	12,818	4,702	(3,230)	-	14,290
Income tax expense (benefit)	1,109	665	(1,205)	-	569
Net income (loss)	11,709	4,038	(2,026)	-	13,721
Segment assets [3]	405,854	40,979	61,092	-	507,925
Fiscal Nine Months Ended October 3, 2025					
Contract revenue	$ 427,747	$ 80,118	$ -	$ -	$ 507,865
Direct subcontractor services and other direct costs	228,410	4,182	-	-	232,592
Direct salaries and wages	49,886	32,312	-	-	82,198
Gross profit	149,451	43,624	-	-	193,075
Other indirect costs	106,219	29,507	9,778	-	145,504
EBITDA [2]	42,518	14,112	(8,219)	-	48,411
Interest expense, net	-	-	4,890	-	4,890
Depreciation and amortization	12,346	1,511	-	-	13,857
Segment profit (loss) before income tax expense	30,173	12,600	(13,109)	-	29,664
Income tax expense (benefit)	(4,252)	(1,775)	1,847	-	(4,180)
Net income (loss)	34,424	14,376	(14,956)	-	33,844
Segment assets [3]	405,854	40,979	61,092	-	507,925

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

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

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

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

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

	Three months ended October 2, 2026		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 27,296	$ 19,199	$ 46,495
Unit-based	60,213	9,180	69,393
Fixed price	97,299	1,340	98,639
Total [1]	$ 184,808	$ 29,719	$ 214,527
Client Type			
Commercial	$ 44,580	$ 3,300	$ 47,880
Government	77,569	26,284	103,853
Utilities [2]	62,659	135	62,794
Total [1]	$ 184,808	$ 29,719	$ 214,527
Geography [3]			
Domestic	$ 184,808	$ 29,719	$ 214,527

	Nine months ended October 2, 2026		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 54,537	$ 56,046	$ 110,583
Unit-based	171,544	24,465	196,009
Fixed price	289,284	4,793	294,077
Total [1]	$ 515,365	$ 85,304	$ 600,669
Client Type			
Commercial	$ 122,818	$ 7,117	$ 129,935
Government	191,249	77,871	269,120
Utilities [2]	201,298	316	201,614
Total [1]	$ 515,365	$ 85,304	$ 600,669
Geography [3]			
Domestic	$ 515,365	$ 85,304	$ 600,669

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

	Three months ended October 3, 2025		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 12,866	$ 18,382	$ 31,248
Unit-based	58,252	6,965	65,217
Fixed price	83,632	1,909	85,541
Total [1]	$ 154,750	$ 27,256	$ 182,006
Client Type			
Commercial	$ 15,942	$ 1,945	$ 17,887
Government	64,587	25,256	89,843
Utilities [2]	74,221	55	74,276
Total [1]	$ 154,750	$ 27,256	$ 182,006
Geography [3]			
Domestic	$ 154,750	$ 27,256	$ 182,006

	Nine months ended October 3, 2025		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 36,201	$ 55,341	$ 91,542
Unit-based	164,209	19,707	183,916
Fixed price	227,337	5,070	232,407
Total [1]	$ 427,747	$ 80,118	$ 507,865
Client Type			
Commercial	$ 47,550	$ 5,511	$ 53,061
Government	168,750	74,452	243,202
Utilities [2]	211,447	155	211,602
Total [1]	$ 427,747	$ 80,118	$ 507,865
Geography [3]			
Domestic	$ 427,747	$ 80,118	$ 507,865

(1) Amounts may not add to the totals due to rounding.
(2) Includes the portion of revenue related to small business programs paid by the end user/customer.
(3) Revenue from the Company's foreign operations was not material for the three and nine months ended October 2, 2026 and October 3, 2025.

Geographical Information

Substantially all of the Company's consolidated revenue was derived from its operations in the U.S and U.S. territories. The Company operates through a network of offices spread across 26 U.S. states, the District of Columbia, the Commonwealth of Puerto Rico, and Canada. Revenues from the Company's Canadian operations were not material for the three and nine months ended October 2, 2026, nor for the three and nine months ended October 3, 2025.

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

Customer Concentration

For the three and nine months ended October 2, 2026, the Company's top 10 customers accounted for 48.6%, and 46.1%, respectively, of the Company's consolidated contract revenue. For the three and nine months ended October 3, 2025, the Company's top 10 customers accounted for 54.8%, and 52.3%, respectively, of the Company's consolidated contract revenue.

For the three months ended October 2, 2026, the Company had individual customers that accounted for more than 10% of its consolidated contract revenue. For the three months ended October 2, 2026, the Company derived 10.2% of its consolidated contract revenue from one customer, Los Angeles Department of Water and Power ("LADWP"). For the nine months ended October 2, 2026, the Company had no individual customers that accounted for more than 10% of its consolidated contract revenue. For the three and nine months ended October 3, 2025, the Company had individual customers that accounted for more than 10% of its consolidated contract revenue. For the three months ended October 3, 2025, the Company derived 26.8% of its consolidated contract revenue from two customers, Southern California Edison and Clark County School District. For the nine months ended October 3, 2025, the Company derived 25.8% of its consolidated contract revenue from two customers, Southern California Edison and Clark County School District.

On a segment basis, the Company had individual customers that accounted for more than 10% of its segment contract revenues. For the three months ended October 2, 2026, the Company derived 11.6% of its Energy segment revenues from one customer, LADWP, and no single customer accounted for 10% or more of the Company's Engineering and Consulting segment revenues. For the nine months ended October 2, 2026, no single customer accounted for 10% or more of the Company's Energy segment revenues, and no single customer accounted for 10% or more of the Company's Engineering and Consulting segment revenues. For the three months ended October 3, 2025, the Company derived 31.5% of its Energy segment revenues from two customers, Southern California Edison and Clark County School District, and no single customer accounted for 10% or more of the Company's Engineering and Consulting segment revenues. For the nine months ended October 3, 2025, the Company derived 30.7% of its Energy segment revenues from two customers, Southern California Edison and Clark County School District, and no single customer accounted for 10% or more of the Company's Engineering and Consulting segment revenues.

On a geographical basis, through the nine months ended October 2, 2026, the Company's largest clients are based in California and New York. For the three and nine months ended October 2, 2026, services provided to clients in California accounted for 46.4% and 45.2%, respectively, of the Company's consolidated contract revenue, and services provided to clients in New York accounted for 16.3% and 16.9%, respectively, of the Company's consolidated contract revenue. For the three and nine months ended October 3, 2025, services provided to clients in California accounted for 46.3% and 43.7%, respectively, of the Company's consolidated contract revenue, and services provided to clients in New York accounted for 17.3% and 19.0%, respectively, of the Company's consolidated contract revenue.

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

10. INCOME TAXES

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

At the end of fiscal year 2025, the Company's total valuation allowance for future utilization of deferred tax assets was $1.1 million. As of October 2, 2026, the Company assessed all available positive and negative evidence available to determine whether, based on the weight of that evidence, there was a change in judgment related to the utilization of deferred tax assets in future years. The Company concluded that as of October 2, 2026, the valuation allowance for the Company's deferred tax assets was appropriate in accordance with ASC 740. Consequently, there was no change to the valuation allowance during the three and nine months ended October 2, 2026.

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

The Company recognizes the tax benefit from uncertain tax positions if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. During the three and nine months ended October 2, 2026, and the three and nine months ended October 3, 2025, the Company did not record a liability for uncertain tax positions.

Based on the Company's estimates and determination of an effective tax rate for the year, the Company recorded an income tax expense of $3.5 million and an income tax benefit of $3.0 million for the three and nine months ended October 2, 2026, respectively, compared to an income tax expense of $0.6 million and an income tax benefit of $4.2 million for the three and nine months ended October 3, 2025, respectively. During the three and nine months ended October 2, 2026, the difference between the effective tax rate and the federal statutory rate was primarily attributable to state taxes, non-deductible executive compensation, deductions related to stock-compensation, research and development tax credits, and the commercial energy-efficiency building deduction. During the three and nine months ended October 3, 2025, the difference between the effective tax rate and the federal statutory rate was primarily attributable to state taxes, nondeductible executive compensation, deductions related to stock option exercises, research and development tax credits, and the commercial energy-efficiency building deduction.

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

11. EARNINGS PER SHARE ("EPS")

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

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

	Three months ended		Nine months ended	
	October 2, 2026	October 3, 2025	October 2, 2026	October 3, 2025
	(in thousands, except per share amounts)			
Net income (loss)	$ 11,861	$ 13,721	$ 44,736	$ 33,844
Weighted-average common shares outstanding	15,196	14,603	14,993	14,397
Effect of dilutive stock options and restricted stock awards	345	626	462	590
Weighted-average common shares outstanding-diluted	15,541	15,229	15,455	14,987
Earnings (Loss) per share:				
Basic	$ 0.78	$ 0.94	$ 2.98	$ 2.35
Diluted	$ 0.76	$ 0.90	$ 2.89	$ 2.26

For the three months ended October 2, 2026, the Company excluded 65,000 common shares subject to outstanding equity awards from the calculation of diluted shares because their impact would have been anti-dilutive. For the three months ended October 3, 2025, the Company did not exclude any shares subject to outstanding equity awards from the calculation of diluted shares. For the nine months ended October 2, 2026 and October 3, 2025, the Company excluded an immaterial number of shares subject to outstanding equity awards from the calculation of diluted shares because their impact would have been anti-dilutive.

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

12. BUSINESS COMBINATIONS

Acquisition of Burton Energy Group, LLC.

On May 4, 2026 (the "Burton Closing Date"), the Company, through its wholly owned subsidiary, WES, acquired all of the equity of Burton Energy Group, LLC. ("Burton"), pursuant to the terms of the Equity Purchase Agreement, dated as of May 4, 2026 (the "Burton Equity Purchase Agreement"), by and among the Company, WES, and each of the shareholders of Burton (the "Burton Shareholders").

Burton provides comprehensive energy management and energy efficiency consulting for multi-site corporations, helping them reduce energy, water, and waste costs through utility data management and rate optimization, energy procurement and risk management, energy and water conservation/audits, and turnkey HVAC and EMS program management. Burton's financial information is included within the Energy segment beginning in the second quarter of fiscal year 2026 and the Company expects to finalize the purchase price allocation related to this transaction by the end of the first quarter of fiscal year 2027.

Pursuant to the terms of the Burton Equity Purchase Agreement, the Company agreed to pay up to $74.0 million for the purchase of all the equity of Burton, consisting of (i) $52.0 million in cash paid on the Burton Closing Date (subject to holdbacks and adjustments), (ii) $10.0 million in restricted shares of the Company's common stock, based on the volume weighted average closing price per share of the Company's common stock for the twenty trading days immediately preceding the third trading day prior to the Burton Closing Date, and (iii) up to $12.0 million in cash if Burton exceeds certain financial targets during the two years after the Burton Closing Date, as more fully described below (such potential payments of up to $12.0 million being referred to as "Burton Earnout Payments" and $12.0 million in respect thereof, being referred to as the "Burton Maximum Payout"). The Company issued 131,626 shares of the Company's common stock and the shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and were issued and sold in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act.

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

The Burton Equity Purchase Agreement contains customary representations and warranties regarding the Company, WES, Burton, and the Burton Shareholders, indemnification provisions, and other provisions customary for transactions of this nature.

The Company borrowed $30.0 million under its revolving credit facility and used cash on hand to fund the initial purchase price.

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 Burton's assembled workforce. The Company estimates that the entire $41.0 million of goodwill resulting from the acquisition of Burton will be tax deductible.

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

As of October 2, 2026, the purchase price allocation is preliminary and subject to change within the measurement period (not to exceed twelve months following the Burton Closing Date). The areas of the purchase price allocation that are not yet finalized relate primarily to contingent consideration valuation, intangible assets, and goodwill.

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.

The Company expects to continue to obtain information for the purpose of determining the fair value of the assets acquired on the Burton Closing Date throughout the remainder of the measurement period. Accordingly, adjustments may be made as additional information is obtained about the facts and circumstances that existed as of the valuation date. Any adjustments will be recorded in the period in which they are identified.

Preliminary consideration for the acquisition of Burton includes the following:

	Burton
	(in thousands)
Cash consideration	$ 52,000
Other working capital adjustments and holdbacks	1,228
Issuance of common stock	9,572
Contingent consideration	10,370
Total consideration	$ 73,170

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

	Burton
	(in thousands)
Current assets	$ 19,418
Non-current assets [(1)]	24
Current liabilities	(19,170)
Non-current liabilities	(447)
Backlog	-
Customer relationships	28,700
Tradename	3,600
Non-compete agreements	-
Goodwill	41,045
Net assets acquired	$ 73,170

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

During the nine months ended October 2, 2026, the Company made adjustments, primarily related to contingent consideration, to the consideration paid for Burton, which resulted in an adjustment to the preliminary purchase price allocation of Burton. The adjustments resulted in an aggregate increase of $0.9 million in the net carrying value of backlog, customer relationships, tradename, non-compete agreements, and goodwill. The decrease in the fair value of intangible assets resulted in a decrease amortization expense of $0.5 million for the three months ended October 2, 2026.

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

For the three and nine months ended October 2, 2026, acquisition related costs associated with Burton were not material and were included in other general and administrative expenses in the condensed consolidated statements of comprehensive income. During the three and nine months ended October 2, 2026, the acquisition of Burton contributed $23.4 million and $51.3 million in revenue and contributed $1.9 million and $4.5 million in income from operations.

Acquisition of KCS Corporation

On August 17, 2026, (the "KCS Closing Date"), the Company acquired substantially all of the assets of KCS Corporation. ("KCS"). KCS is a diversified provider of engineering and construction support services with several years of experience in a variety of industries including telecommunications, power transmission and distribution, commercial and industrial automation, and renewable power generation. KCS' financial information is included within the Company's Energy segment beginning in the Company's third quarter of fiscal year 2026.

The Company agreed to pay (i) $3.5 million in cash on the KCS Closing Date (subject to holdbacks and adjustments) and (ii) up to $1.5 million in cash if KCS exceeds certain financial targets during the two year after the KCS Closing Date; for a potential maximum purchase price of $5.0 million. The Company used cash on hand to fund the initial purchase price on the KCS 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.

The preliminary fair value of the contingent consideration liability was estimated by discounting to present value the contingent payments expected to be made and utilizing a probability-weighted discounted cash flow rate. The preliminary estimate of the fair values for intangible assets were calculated utilizing a weighted average allocation derived from previous valuation studies performed by a third-party valuation firm for the Company's historical acquisitions with similar characteristics.

The Company expects to continue to obtain information for the purpose of determining the fair value of the assets acquired on the KCS Closing Date throughout the remainder of the measurement period. Accordingly, adjustments may be made as additional information is obtained about the facts and circumstances that existed as of the valuation date. Any adjustments will be recorded in the period in which they are identified.

As of October 2, 2026, the purchase price allocation is preliminary and subject to change within the measurement period (not to exceed twelve months following the KCS Closing Date) and is primarily comprised of $0.8 million in assets, $1.1 million in customer relationships, and $2.6 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.

During the three and nine months ended October 2, 2026, KCS' contribution to revenue and net income were not material to the Company's consolidated financial statements.

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 on the last day of the Company's fourth quarter of fiscal year 2025.

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

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.

Compass' financial information is included within the Engineering and Consulting segment. The Company finalized the purchase price allocation with respect to this transaction in the third quarter of fiscal 2026. As of October 2, 2026, the purchase price allocation is primarily comprised of $2.0 million in customer relationships and $2.0 million in goodwill.

During the three and nine months ended October 2, 2026, the acquisition of Compass contributed $2.1 million and $3.9 million in revenue and contributed $1.2 million and $1.8 million in net income from operations. The proforma financial information has not been presented because the impact of the acquisition was not material to the condensed consolidated financial statements.

The following unaudited pro forma financial information for the three and nine months ended October 2, 2026 and October 3, 2025, assumes that the acquisition of Burton and Compass occurred on the first day of the year prior to the year of acquisition. The proforma financial information for KCS has not been presented because the impact of the acquisition was not material to the condensed consolidated financial statements.

	Three Months Ended		Nine Months Ended	
	October 2, 2026	October 3, 2025	October 2, 2026	October 3, 2025
	(in thousands, except per share data) (Unaudited)			
Pro forma revenue	$ 214,527	$ 209,460	$ 639,002	$ 588,961
Pro forma income (loss) from operations	$ 16,304	$ 16,984	$ 46,381	$ 40,381
Pro forma net income (loss) [(1)]	$ 11,861	$ 15,758	$ 48,006	$ 41,451
Earnings (Loss) per share:				
Basic	$ 0.78	$ 1.08	$ 3.20	$ 2.88
Diluted	$ 0.76	$ 1.03	$ 3.11	$ 2.77
Weighted average shares outstanding:				
Basic	15,196	14,603	14,993	14,397
Diluted	15,541	15,229	15,455	14,987

(1) *Adjustments to pro forma net income included income from operations, amortization and interest expense.*

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

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

13. CONTINGENCIES

Claims and Lawsuits

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

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

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

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

14. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, Subsequent Events, the Company evaluates subsequent events up until the date the Condensed Consolidated Financial Statements are issued.

Mantis Intermediate Holdings, LLC

On September 22, 2026, the Company, through its wholly owned subsidiary, WES, entered into a Membership Interest Purchase Agreement dated as of September 22, 2026 (the "Purchase Agreement") with Mantis NewCo, LLC ("Seller"), pursuant to which Seller agreed to sell one hundred percent of the issued and outstanding equity securities (the "Subject Securities") of Mantis Intermediate Holdings, LLC ("Mantis") to WES (the "Transaction"), subject to certain closing conditions. On October 30, 2026, the Company completed the closing of the Transaction ("Mantis Closing Date").

Mantis is a provider of smart solutions that delivers better building performance through managed facility services and turnkey program management. Leveraging expertise from a wide range of professional disciplines, Mantis offers a full suite of services across facility asset management, building controls, energy efficiency, and energy procurement. Mantis's financial information will be included within the Energy segment beginning in the fourth quarter of fiscal year 2026 and the Company expects to finalize the purchase price allocation related to this transaction by the end of the third quarter of fiscal year 2027.

Pursuant to the Purchase Agreement, the Company agreed to pay $285 million for the purchase of all the equity of Mantis, consisting of $285 million in cash paid on the Mantis Closing Date (subject to holdback and adjustments).

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

The Company paid the initial purchase price using a combination of $35.0 million of borrowings under its existing Revolving Credit Facility and $250.0 million of borrowings under a New Term Loan Facility as provided in its Credit Agreement (as defined below), as described below.

The acquisition is expected to be 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 Mantis' assembled workforce. However, at the time of this filing, the initial purchase price allocation has not been presented as the Company is still in the process of gathering and evaluating the necessary information required to complete the valuation of the acquired assets and liabilities. Accordingly, the preliminary allocation of the purchase price to the identifiable assets acquired and liabilities assumed is not yet available.

Second Amended and Restated Credit Agreement

On October 30, 2026, the Company entered into an Increase Request and Second Amendment to Amended and Restated Credit Agreement (the "Amendment") among the Company, certain subsidiaries of the Company party thereto, the Lenders (as defined below) party thereto, and BMO Harris Bank, N.A., as administrative agent (in such capacity, the "Agent"), which amends the Company's existing Amended and Restated Credit Agreement, dated as of May 5, 2025 (as amended, supplemented, or otherwise modified prior to the date of the Amendment, the "Existing Credit Agreement"; the Existing Credit Agreement as amended by the Amendment, the "Credit Agreement"), among the Company, the subsidiaries of the Company from time to time party thereto, the financial institutions from time to time party thereto as lenders (the "Lenders"), and the Agent. The Existing Credit Agreement provided for up to a $50.0 million term loan facility (the "Existing Term Loan Facility"), up to a $50.0 million delayed draw term loan facility (the "Existing Delayed

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

Draw Term Loan Facility") and a $100.0 million revolving credit facility (the "Existing Revolving Credit Facility"; together with the Existing Term Loan Facility and the Existing Delayed Draw Term Loan Facility, collectively, the "Existing Credit Facilities"), each maturing on May 5, 2030. The Amendment amended the Existing Credit Agreement to, among other things, add an additional up to $250.0 million term loan facility (the "New Term Loan Facility") to be used to finance the Transaction and to pay certain related fees and expenses, including, without limitation, to repay certain existing indebtedness of Mantis. The New Term Loan Facility matures on May 5, 2030 and bears interest at rates, and is subject to customary covenants, identical to those applicable to the Existing Credit Facilities, as described in the Credit Agreement. Except as expressly amended by the Amendment, the Existing Credit Agreement remains in effect in accordance with its existing terms.

On October 30, 2026, in connection with the closing of the Transaction, the Company borrowed $250.0 million under the New Term Loan Facility and $35.0 million under the Existing Revolving Credit Facility. The proceeds of such borrowings were used to pay part of the consideration owed in connection with the Transaction along with related fees and expenses, including, without limitation, to repay certain existing indebtedness of Mantis.

As of October 30, 2026, the Company had a fully drawn $50.0 million Existing Term Loan Facility with $46.9 million outstanding, a $100.0 million Existing Revolving Credit Facility with $35.0 million outstanding and $1.6 million in letters of credit issued, a $50.0 million Existing Delayed Draw Term Loan Facility with no borrowed amounts, and a fully drawn and outstanding $250.0 million under the New Term Loan Facility.

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

Our Company

We are a technical services company focused on energy and infrastructure solutions. Our solutions include energy planning and analytics, consulting, software, public finance, engineering, and program implementation. We serve utilities, state and local governments, and commercial customers in the United States and Canada.

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 addresses power grid resiliency, efficiency, and reliability. Services include in-depth energy planning studies, economic analysis, modeling and forecasting software, decarbonization, program design and implementation, energy efficiency, turnkey energy and infrastructure projects, grid modernization, and utility-scale electrical engineering and construction management. Clients in this segment are investor-owned and municipal utilities, commercial clients including retailers, pharmaceuticals, industrial concerns and hyperscalers, and state and local governments, school districts and government agencies.

Our Engineering & Consulting segment addresses sustainability and growth in civil infrastructure. We often serve as a municipality's engineering department. Services include municipal and civil engineering, building and safety, code enforcement, fire plan and inspection, city engineering, construction management, design engineering, planning, and financial and municipal advisory services. Clients in this segment are state and local governments, school districts, and utility districts.

We were founded in 1964 and are headquartered in Anaheim, California.

Results of Operations

Third Quarter Overview

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

	Three Months Ended					
	October 2, 2026		October 3, 2025		$ Change	% Change
	(in thousands, except percentages)					
Contract revenue	$ 214,527	100.0 %	$ 182,006	100.0 %	$ 32,521	17.9 %
Direct costs of contract revenue:						
Salaries and wages	29,702	13.8	27,878	15.3	1,824	6.5
Subcontractor services and other direct costs	102,372	47.7	87,039	47.8	15,333	17.6
Total direct costs of contract revenue	132,074	61.6	114,917	63.1	17,157	14.9
Gross profit	82,453	38.4	67,089	36.9	15,364	22.9
General and administrative expenses:						
Salaries and wages, payroll taxes and employee benefits	39,476	18.4	31,720	17.4	7,756	24.5
Facilities and facility related	2,499	1.2	2,369	1.3	130	5.5
Stock-based compensation	4,972	2.3	3,147	1.7	1,825	58.0
Depreciation and amortization	5,780	2.7	3,913	2.1	1,867	47.7
Other	13,422	6.3	11,078	6.1	2,344	21.2
Total general and administrative expenses	66,149	30.8	52,227	28.7	13,922	26.7
Income (loss) from operations	16,304	7.6	14,862	8.2	1,442	9.7
Other income (expense):						
Interest expense, net	(1,071)	(0.5)	(902)	(0.5)	(169)	18.7
Other, net	166	0.1	330	0.2	(164)	(49.7)
Total other income (expense)	(905)	(0.4)	(572)	(0.3)	(333)	58.2
Income (Loss) before income tax expense	15,399	7.2	14,290	7.9	1,109	7.8
Income tax expense (benefit)	3,538	1.6	569	0.3	2,969	521.8
Net income (loss)	$ 11,861	5.5	$ 13,721	7.5	$ (1,860)	(13.6)

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

	Nine Months Ended					
	October 2, 2026		October 3, 2025		$ Change	% Change
	(in thousands, except percentages)					
Contract revenue	$ 600,669	100.0 %	$ 507,865	100.0 %	$ 92,804	18.3 %
Direct costs of contract revenue:						
Salaries and wages	88,766	14.8	82,198	16.2	6,568	8.0
Subcontractor services and other direct costs	278,840	46.4	232,592	45.8	46,248	19.9
Total direct costs of contract revenue	367,606	61.2	314,790	62.0	52,816	16.8
Gross profit	233,063	38.8	193,075	38.0	39,988	20.7
General and administrative expenses:						
Salaries and wages, payroll taxes and employee benefits	112,944	18.8	95,404	18.8	17,540	18.4
Facilities and facility related	7,392	1.2	7,362	1.4	30	0.4
Stock-based compensation	13,475	2.2	8,755	1.7	4,720	53.9
Depreciation and amortization	18,197	3.0	13,857	2.7	4,340	31.3
Other	37,725	6.3	33,983	6.7	3,742	11.0
Total general and administrative expenses	189,733	31.6	159,361	31.4	30,372	19.1
Income (loss) from operations	43,330	7.2	33,714	6.6	9,616	28.5
Other income (expense):						
Interest expense, net	(2,992)	(0.5)	(4,890)	(1.0)	1,898	(38.8)
Other, net	1,400	0.2	840	0.2	560	66.7
Total other income (expense)	(1,592)	(0.3)	(4,050)	(0.8)	2,458	(60.7)
Income (Loss) before income tax expense	41,738	6.9	29,664	5.8	12,074	40.7
Income tax expense (benefit)	(2,998)	(0.5)	(4,180)	(0.8)	1,182	(28.3)
Net income (loss)	$ 44,736	7.4	$ 33,844	6.7	$ 10,892	32.2

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

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

	Three months ended October 2, 2026		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 27,296	$ 19,199	$ 46,495
Unit-based	60,213	9,180	69,393
Fixed price	97,299	1,340	98,639
Total [1]	$ 184,808	$ 29,719	$ 214,527
Client Type			
Commercial	$ 44,580	$ 3,300	$ 47,880
Government	77,569	26,284	103,853
Utilities [2]	62,659	135	62,794
Total [1]	$ 184,808	$ 29,719	$ 214,527
Geography [3]			
Domestic	$ 184,808	$ 29,719	$ 214,527

	Nine months ended October 2, 2026		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 54,537	$ 56,046	$ 110,583
Unit-based	171,544	24,465	196,009
Fixed price	289,284	4,793	294,077
Total [1]	$ 515,365	$ 85,304	$ 600,669
Client Type			
Commercial	$ 122,818	$ 7,117	$ 129,935
Government	191,249	77,871	269,120
Utilities [2]	201,298	316	201,614
Total [1]	$ 515,365	$ 85,304	$ 600,669
Geography [3]			
Domestic	$ 515,365	$ 85,304	$ 600,669

	Three months ended October 3, 2025		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 12,866	$ 18,382	$ 31,248
Unit-based	58,252	6,965	65,217
Fixed price	83,632	1,909	85,541
Total [1]	$ 154,750	$ 27,256	$ 182,006
Client Type			
Commercial	$ 15,942	$ 1,945	$ 17,887
Government	64,587	25,256	89,843
Utilities [2]	74,221	55	74,276
Total [1]	$ 154,750	$ 27,256	$ 182,006
Geography [3]			
Domestic	$ 154,750	$ 27,256	$ 182,006

	Nine months ended October 3, 2025		
	Energy	Engineering and Consulting	Total
	(in thousands)		
Contract Type			
Time-and-materials	$ 36,201	$ 55,341	$ 91,542
Unit-based	164,209	19,707	183,916
Fixed price	227,337	5,070	232,407
Total [1]	$ 427,747	$ 80,118	$ 507,865
Client Type			
Commercial	$ 47,550	$ 5,511	$ 53,061
Government	168,750	74,452	243,202
Utilities [2]	211,447	155	211,602
Total [1]	$ 427,747	$ 80,118	$ 507,865
Geography [3]			
Domestic	$ 427,747	$ 80,118	$ 507,865

(1) Amounts may not add to the totals due to rounding.
(2) Includes the portion of revenue related to small business programs paid by the end user/customer.
(3) Revenue from our foreign operations was not material for the three and nine months ended October 2, 2026 and October 3, 2025.

Three Months Ended October 2, 2026 Compared to Three Months Ended October 3, 2025

Contract revenue. Consolidated contract revenue increased $32.5 million, or 17.9%, in the three months ended October 2, 2026, compared to the three months ended October 3, 2025, as a result of increased demand for our services in both our Energy segment and our Engineering and Consulting segment.

Contract revenue in our Energy segment increased $30.1 million, or 19.4%, in the three months ended October 2, 2026, compared to the three months ended October 3, 2025, primarily as a result of higher revenues across all of our service offerings, combined with incremental revenues from our acquisition of Burton Energy Group, LLC. (“Burton”) in May 2026.

Contract revenue in our Engineering and Consulting segment increased $2.4 million, or 9.0%, in the three months ended October 2, 2026, compared to the three months ended October 3, 2025, primarily due to increased demand for services provided to our clients, combined with the incremental revenues from our acquisition of Compass Municipal Advisors, LLC. (“Compass”) in January 2026.

Direct costs of contract revenue. Direct costs of consolidated contract revenue increased $17.2 million, or 14.9%, for the three months ended October 2, 2026, compared to the three months ended October 3, 2025, primarily as a result of the increased volume in contract revenues as described above. As a percentage of contract revenue, subcontractor services and other direct costs were relatively flat for the three months ended October 2, 2026 compared to the three months ended October 3, 2025. Direct salaries and wages declined, as a percentage of contract revenues, to 13.8% in the three months ended October 2, 2026, from 15.3% in the three months ended October 3, 2025, reflecting the increased mix of revenues from commercial projects and higher incentive revenue under utility programs in the current period.

Direct costs of contract revenue in our Energy segment increased $16.4 million, or 16.0%, for the three months ended October 2, 2026, compared to the three months ended October 3, 2025. Direct costs of contract revenue for the Engineering and Consulting segment increased $0.8 million, or 6.3%, in the three months ended October 2, 2026, compared to the three months ended October 3, 2025.

Gross Profit. Gross profit increased 22.9% to $82.5 million, or a 38.4% gross margin, for the three months ended October 2, 2026, compared to gross profit of $67.1 million, or a 36.9% gross margin, for the three months ended October 3, 2025. The increase in our gross margin was primarily driven by the changes in the mix of revenues as described above.

General and administrative expenses. General and administrative ("G&A") expenses increased $13.9 million, or 26.7%, to $66.1 million in the three months ended October 2, 2026, compared to $52.2 million for the three months ended October 3, 2025. As a percentage of contract revenues, G&A increased to 30.8% in the three months ended October 2, 2026 from 28.7% in the three months ended October 3, 2025. G&A expenses consisted of an increase of $10.8 million, or 27.4%, in the Energy segment combined with an increase of $1.4 million, or 13.2%, in the Engineering and Consulting segment, and the remaining increase of $1.7 million, or 67.9%, in unallocated corporate expenses.

The overall increase in G&A expenses consisted of an increase of $7.8 million in salaries and wages, payroll taxes and employee benefits, an increase of $2.3 million in other general and administrative expenses, an increase of $1.9 million in depreciation and amortization, and an increase of $1.8 million in stock-based compensation. The increase in salaries and wages, payroll taxes and employee benefits was primarily due to increased staffing from acquisitions, an increase in incentive compensation consistent with the increase 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, software and other computer-related expenses. The increase in stock-based compensation expenses was primarily related to new stock grants to current employees, and members of the Board of Directors at a higher stock price. The increase in depreciation and amortization was driven by higher amortization of intangible assets from recent acquisitions.

Income (loss) from operations. Operating income increased 9.7% to $16.3 million for the three months ended October 2, 2026, compared to an operating income of $14.9 million for the three months ended October 3, 2025, as a result of the factors noted above.

Total other expense, net. Total other expense, net, increased $0.3 million, or 58.2%, for the three months ended, October 2, 2026, compared to the three months ended October 3, 2025, primarily due to the higher interest expense resulting from the increased borrowing under our Existing Revolving Credit Facility (as defined below) to partially finance the acquisition of Burton.

Income tax expense (benefit). We recorded an income tax expense of $3.5 million for the three months ended October 2, 2026, an effective tax expense rate of 23.0% on income before income tax expense, compared to an income tax expense of $0.6 million for the three months ended October 3, 2025, an effective tax rate of 4.0% on income before tax expense. The increase in the effective tax rate primarily resulted from decreases in discrete items related to stock compensation deductions and certain energy-efficiency building deductions.

Net income (loss). Our net income decreased 13.6% to $11.9 million for the three months ended October 2, 2026, as compared to a net income of $13.7 million for the three months ended October 3, 2025. The decrease in net income was primarily attributable to a higher effective tax rate combined with an increase in Total other expense, net.

Nine Months Ended October 2, 2026 Compared to Nine Months Ended October 3, 2025

Contract revenue. Consolidated contract revenue increased $92.8 million, or 18.3%, in the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, as a result of increased demand for our services in both our Energy segment and our Engineering and Consulting segment, combined with incremental revenues from Burton. The rate of growth was impacted by the effect of having one fewer week in the nine months ended of fiscal year 2026 when compared to our nine months ended of fiscal year 2025. When removing the impact of the additional week in the nine months ended of fiscal year 2025, contract revenue increased 21.3% in the nine months ended October 2, 2026, compared to the adjusted nine months ended October 3, 2025.

Contract revenue in our Energy segment increased $87.6 million, or 20.5%, in the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, primarily as a result of higher revenues across our service offerings, combined with incremental revenues from our acquisition of Burton.

Contract revenue in our Engineering and Consulting segment increased $5.2 million, or 6.5%, in the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, primarily due to increased demand for services provided to our clients, combined with the incremental revenues from our acquisition of Compass.

Direct costs of contract revenue. Direct costs of consolidated contract revenue increased $52.8 million, or 16.8%, for the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, primarily as a result of the increased volume of contract revenues as described above. As a percentage of contract revenue, subcontractor services and other direct costs increased modestly to 46.4% in the nine months ended October 2, 2026 from 45.8% in the nine months ended October 3, 2025, reflecting the higher mix of construction management revenues. Direct salaries and wages increased $6.6 million, or 8.0%, to support the increased volume of projects in the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, and declined, as a percentage of contract revenue, to 14.8% in the nine months ended October 2, 2026, from 16.2% in the nine months ended October 3, 2025.

Direct costs of contract revenue in our Energy segment increased $50.2 million, or 18.0%, for the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025. Direct costs of contract revenue for the Engineering and Consulting segment increased $2.6 million, or 7.1%, in the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025.

Gross Profit. Gross profit increased 20.7% to $233.1 million, or a 38.8% gross margin, for the nine months ended October 2, 2026, compared to gross profit of $193.1 million, or a 38.0% gross margin, for the nine months ended October 3, 2025. The increase in our gross margin was primarily driven by the changes in the mix of project revenues.

General and administrative expenses. G&A expenses increased $30.4 million, or 19.1%, to $189.7 million in the nine months ended October 2, 2026, compared to $159.4 million for the nine months ended October 3, 2025. As a percentage of contract revenue, G&A expenses were 31.6% of contract revenues in the nine months ended October 2, 2026, compared to 31.4% for the nine months ended October 3, 2025. G&A expenses consisted of an increase of $24.0 million, or 20.3%, in the Energy segment combined with an increase of $4.1 million, or 13.0%, in the Engineering and Consulting segment, and the remaining increase of $2.3 million, or 23.7%, in unallocated corporate expenses.

The overall increase in G&A expenses consisted of an increase of $17.5 million in salaries and wages, payroll taxes and employee benefits, an increase of $4.7 million in stock-based compensation, an increase of $4.3 million in depreciation and amortization, and an increase of $3.7 million in other general and administrative expenses. The increase in salaries and wages, payroll taxes and employee benefits was primarily due to increased staffing from acquisitions, an increase in incentive compensation, 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 stock-based compensation expenses was primarily related to new stock grants to current employees and members of the Board of Directors at a higher stock

price. The increase in depreciation and amortization was driven by higher amortization of intangible assets from recent acquisitions. The increase in other general and administrative expenses was primarily due to increased professional service fees, software and other computer-related expenses.

Income (loss) from operations. Operating income increased 28.5% to $43.3 million for the nine months ended October 2, 2026, compared to an operating income of $33.7 million for the nine months ended October 3, 2025, as a result of the factors noted above.

Total other expense, net. Total other expense, net, decreased $2.5 million, or 60.7%, for the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, primarily due to the absence of a one-time charge for unamortized debt issuance costs related to our prior credit facilities that we had in the second quarter of fiscal 2025 and the absence of a one-time charge related to a facility lease modification that we had in the first fiscal quarter of fiscal 2025, combined with by the higher interest expense resulting from the higher debt levels under our credit facilities in the first half of fiscal 2025.

Income tax expense (benefit). We recorded an income tax benefit of $3.0 million for the nine months ended October 2, 2026, an effective tax benefit rate of 7.2% on income before income tax expense, compared to an income tax benefit of $4.2 million for the nine months ended October 3, 2025, an effective tax rate of 14.1% on income before tax expense. The increase in the effective tax rate resulted from the increase in income before income tax, combined with the decreases in discrete items related to stock compensation deductions and energy-efficiency building deductions.

Net income (loss). Our net income was $44.7 million for the nine months ended October 2, 2026, as compared to a net income of $33.8 million for the nine months ended October 3, 2025. The increase in net income was primarily attributable to the increase in income from operations a result of increasing revenue, combined with a reduction in Total other expense, net and higher effective tax rate.

Liquidity and Capital Resources

	Nine Months Ended	
	October 2, 2026	October 3, 2025
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 32,946	$ 40,904
Investing activities	(60,958)	(40,327)
Financing activities	4,304	(41,626)
Net increase (decrease) in cash and cash equivalents	$ (23,708)	$ (41,049)

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(the "Existing Revolving Credit Facility") and delayed draw term loan facility (the "Existing Delayed Draw Term Loan Facility") under the Credit Agreement (as defined below). We believe that these sources will be sufficient to finance our operating activities for at least the next 12 months.

As of October 2, 2026, we had a fully drawn $50.0 million term loan facility (the "Existing Term Loan Facility") with $46.9 million outstanding, a $100.0 million Existing Revolving Credit Facility with $15.0 million outstanding and $1.6 million in letters of credit issued. We also had an undrawn $50.0 million Existing Delayed Draw Term Loan Facility. The Existing Delayed Draw Term Loan Facility must be drawn before May 2027. The Existing Term Loan Facility, the Existing Revolving Credit Facility, and the Existing Delayed Draw Term Loan Facility (collectively, the "Existing Credit Facilities") are each scheduled to mature on May 5, 2030. In addition to the Existing Credit Facilities, we had $39.2 million of unrestricted cash and cash equivalents as of October 2, 2026. Unhedged borrowings under our Existing Credit Facilities, exclusive of the effects of upfront fees, undrawn fees and issuance cost

amortization, bore interest at an annual rate of 5.5% as of October 2, 2026. See Part I, Item 1, Note 6, “Debt Obligations”, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, and Part II, Item 8, Note 5, “Debt Obligations”, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2026, for information regarding our indebtedness, including information about the Credit Agreement and repayments, principal repayment terms, interest rates, covenants, and other key terms of our outstanding indebtedness.

On October 30, 2026, we entered into an Increase Request and Second Amendment to Amended and Restated Credit Agreement (the “Amendment”), which amends our Amended and Restated Credit Agreement, dated as of May 5, 2025 (as amended, supplemented, or otherwise modified prior to the date of the Amendment, the “Existing Credit Agreement”; the Existing Credit Agreement as amended by the Amendment, the “Credit Agreement”). The Amendment amended the Existing Credit Agreement to, among other things, add an additional up to $250.0 million term loan facility (the “New Term Loan Facility”) to finance the acquisition of Mantis Intermediate Holdings, LLC (“Mantis”). As of October 30, 2026, we had a fully drawn $50.0 million Existing Term Loan Facility with $46.9 million outstanding, a $100.0 million Existing Revolving Credit Facility with $35.0 million outstanding and $1.6 million in letters of credit issued, and a fully drawn $250.0 million New Term Loan Facility. We also had an undrawn $50.0 million Existing Delayed Draw Term Loan Facility. For more information, see Part I, Item 1, Note 14, “Subsequent Events”, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Cash Flows from Operating Activities

Cash flows provided by operating activities were $32.9 million for the nine months ended October 2, 2026, as compared to $40.9 million for the nine months ended October 3, 2025. Cash flows from operating activities primarily consists of net income, adjusted for non-cash charges, such as depreciation and amortization and stock-based compensation, plus or minus changes in current operating assets and liabilities. Cash flows provided by operating activities for the nine months ended October 2, 2026, resulted primarily from the higher net income supplemented by non-cash expenses from stock compensation and intangible amortization, partially offset by higher working capital requirements to support the growth in revenue. Cash flows provided by operating activities for the nine months ended October 3, 2025, resulted primarily from the increase in earnings partially offset by higher working capital requirements to support the expansion of revenue.

Cash Flows from Investing Activities

Cash flows used in investing activities were $61.0 million for the nine months ended October 2, 2026, as compared to cash flows used in investing activities of $40.3 million for the nine months ended October 3, 2025. Cash flows used in investing activities for the nine months ended October 2, 2026 and for the nine months ended October 3, 2025 were primarily due to cash paid for acquisitions, combined with cash paid for the development of proprietary software and the purchase of computers and equipment.

Cash Flows from Financing Activities

Cash flows provided by financing activities were $4.3 million for the nine months ended October 2, 2026, as compared to cash flows used in financing activities of $41.6 million for the nine months ended October 3, 2025.

For the nine months ended October 2, 2026, cash flows provided by financing activities were primarily attributable to borrowings, and repayments, of $30.0 million and $15.0 million, respectively, under the Existing Revolving Credit Facility combined with $4.3 million of proceeds from sales of common stock under the employee stock purchase plan, and $3.1 million of proceeds from stock option exercises. In addition, the receipt, and disbursement, of $7.2 million and $4.2 million, respectively, related to utility rebates impacted Restricted Cash. Cash flows provided by financing activities were partially offset by $9.1 million cash used to fund the repurchase of vesting stock grants to support the payments of withholding taxes, $8.8 million in payments for contingent consideration, and $1.9 million cash used for principal payments on our Existing Term Loan Facility. For the nine months ended October 3, 2025, cash flows used in financing activities were primarily attributable to the $39.0 million cash used to pay down our Existing Revolving Credit Facility, $5.1 million cash used to fund the repurchase of vesting stock grants to support the payments

of withholding taxes, $1.1 million principal payments on finance leases combined with repayments and borrowings of $90.0 million and $88.4 million, respectively, related to our Existing Credit Agreement. Cash flows used in financing activities were partially offset by $3.2 million of proceeds from sales of common stock under the employee stock purchase plan, and $2.5 million in proceeds from stock option exercise.

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

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements or liabilities. In addition, our policy is not to enter into futures or forward contracts. Finally, we do not have any majority-owned subsidiaries or any interests in, or relationships with, any special-purpose entities that are not included in the consolidated financial statements. We have, however, an administrative services agreement with Genesys Engineering, P.C. ("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 fund business acquisitions. Our cash and cash equivalents are impacted by the timing of when we invoice and are paid by our customers for services rendered and when we pay expenses as reflected in the change in our outstanding accounts payable and accrued expenses.

Contractual Obligations

The following table sets forth our known contractual obligations as of October 2, 2026:

Contractual Obligations	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
			(in thousands)		
Debt [1]	$ 61,637	$ 2,500	$ 4,868	$ 54,269	$ —
Interest payments on debt outstanding [2]	11,992	3,377	6,360	2,255	—
Operating leases	18,686	4,768	7,270	2,364	4,284
Finance leases	1,981	1,076	865	38	2
Total contractual cash obligations	$ 94,296	$ 11,721	$ 19,363	$ 58,926	$ 4,286

(1) Debt includes $46.6 million outstanding on our Existing Term Loan Facility, net of issuance costs, $15.0 million outstanding on our Existing Revolving Credit Facility, and no borrowed amounts outstanding on our Existing Delayed Draw Term Loan Facility as of October 2, 2026. We have assumed no future borrowings or repayments after October 2, 2026 (other than at maturity) for purposes of this table. Our Existing Term Loan Facility and Existing and Revolving Credit Facility are scheduled to mature on May 5, 2030.

(2) Borrowings under our Existing Term Loan Facility and Existing Revolving Credit Facility bear interest at a variable rate. Future interest payments on our Existing Credit Facilities are estimated using floating rates in effect as of October 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"), Compass, Burton, and KCS Corporation ("KCS"), subject to their future financial performance.

As of October 2, 2026, we are contingently obligated to pay up to $3.0 million in cash if Enica exceeds certain financial targets during the second year after the Enica closing date of October 23, 2024, contingently obligated to pay up to $12.0 million if APG exceeds certain financial targets during the second and third year after the APG closing date of March 3, 2025, contingently obligated to pay up to $1.0 million in cash if Compass exceeds certain financial targets during the first year after the Compass closing date of January 2, 2026, contingently obligated to pay up to $12.0 million in cash if Burton exceeds certain financial targets during the first and second year after the Burton closing date of May 4, 2026, and contingently obligated to pay up to $1.5 million in cash if KCS exceeds certain financial targets during the first and second year after the KCS closing date of August 17, 2026.

As of October 2, 2026, we had contingent consideration payable of $25.9 million related to the acquisitions of Enica, APG, Compass, Burton, and KCS. Through the nine months ended October 2, 2026, our statement of operations includes $2.4 million of interest accretion (excluding fair value adjustments) related to the contingent consideration.

Outstanding Indebtedness

See Part I, Item 1, Note 6, "*Debt Obligations*", and Note 14 "*Subsequent Events*", of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, and Part II, Item 8, Note 5, "*Debt Obligations*", of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2026, 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.

Interest Rate Swap

From time to time, we enter into interest rate hedging agreements to moderate our exposure to fluctuations in interest rates underlying our variable rate debt. For more information, see Part I, Item 3, "*Quantitative and Qualitative Disclosures About Market Risk*", and Note 5, "*Derivative Financial Instruments*", to the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. We currently do not have any interest rate hedges in place.

Impact of Inflation

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

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

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

delayed or deferred decisions regarding expenditures to improve energy efficiency, and therefore potentially impact our future revenues.

Impact of Certain Federal Policies

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

Components of Revenue and Expense

Contract Revenue

We generally provide our services under contracts, purchase orders or retainer letters. The agreements we enter into with our clients typically incorporate one of three principal types of pricing provisions: time-and-materials, unit-based, and fixed price. Revenue on our time-and-materials and unit-based contracts are recognized as the work is performed in accordance with specific terms of the contract. As of October 2, 2026, 18% of our contracts are time-and-materials contracts, 33% are unit-based contracts, and 49% are fixed price contracts, compared to 18% are time-and-materials contracts, 36% are unit-based contracts, and 46% are fixed price contracts, as of October 3, 2025.

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

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

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

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

Direct Costs of Contract Revenue

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

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

General and Administrative Expenses

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

Critical Accounting Policies

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

There have been no material changes in our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for our fiscal year ended January 2, 2026. Please refer to Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended January 2, 2026 for a discussion of our critical accounting policies and estimates.

Recent Accounting Standards

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

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

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

As of October 2, 2026, we had cash and cash equivalents of $42.2 million, including restricted cash. 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 Existing Term Loan Facility and borrowings, if any, under our Existing Revolving Credit Facility, each of which bears interest at variable rates. As of October 2, 2026, the Company had a fully drawn $50.0 million Existing Term Loan Facility with $46.9 million outstanding, a $100.0 million Existing Revolving Credit Facility with $15.0 million outstanding, and $1.6 million in letters of credit issued, and a $50.0 million Existing Delayed Draw Term Loan Facility with no borrowed amounts. Each of our Existing Credit Facilities matures on May 5, 2030 and is governed by our Credit Agreement. For information regarding our borrowings under the New Term Loan Facility and the Existing Revolving Credit Facility on October 30, 2026, see Part I, Item 1, Note 14, “Subsequent Events”, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Based upon the amount of our outstanding indebtedness as of October 2, 2026, a one percentage point increase in the effective interest rate would change our annual interest expense by approximately $0.6 million in fiscal year 2026.

ITEM 4. Controls and Procedures

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

In connection with the preparation of this Quarterly Report, an evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of October 2, 2026. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective, at a reasonable assurance level, as of October 2, 2026.

On January 2, 2026, May 4, 2026 and August 17, 2026, we completed the acquisition of Compass, Burton, and KCS, respectively. Prior to the acquisition, Compass, Burton, and KCS 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 Compass, Burton, and KCS, and, if needed, to augment our company-wide controls to reflect the risks that may be inherent in the acquisition of these privately-held companies.

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

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

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

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

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

ITEM 1A. Risk Factors

There are no material changes to the risk factors set forth in Part I, Item 1A, *Risk Factors* in our Annual Report on Form 10-K for the year ended January 2, 2026.

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

During the fiscal quarter ended October 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
July 4, 2026 – July 31, 2026	—	—	—	—
August 1, 2026 – August 28, 2026	1,093	$74.13	—	—
August 29, 2026 – October 2, 2026	—	—	—	—
TOTAL	**1,093**	**$74.13**	—	—

ITEM 3. Defaults upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

During the third quarter of 2026, none of our directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K).

ITEM 6. Exhibits

Exhibit Number	Exhibit Description
2.1‡	Stock Purchase Agreement, dated as of March 3, 2025, by and among Willdan Group, Inc., Willdan Energy Solutions, Inc. and each of the stockholders of APG. (incorporated by reference to Exhibit 2.1 to Willdan Group, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on May 9, 2025).
2.2‡	Equity Purchase Agreement, dated as of May 4, 2026, by and among Willdan Group, Inc., Willdan Energy Solutions, Inc., and each of the shareholders of Burton Energy Group, LLC. (incorporated by reference to Exhibit 2.2 to Willdan Group, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on May 8, 2026).
2.3‡	Membership Interest Purchase Agreement, dated as of September 22, 2026, by and among Mantis NewCo, LLC, Willdan Energy Solutions, Inc. and Willdan Group, Inc. (incorporated by reference to Exhibit 2.1 to Willdan Group, Inc.'s Current Report on Form 8-K filed on September 23, 2026).
3.1	First Amended and Restated Certificate of Incorporation of Willdan Group, Inc. (incorporated by reference to Willdan Group, Inc.'s Registration Statement on Form S-1, filed with the SEC on August 9, 2006, as amended (File No. 333-136444)).
3.2	Second Amended and Restated Bylaws of Willdan Group, Inc. (incorporated by reference to Exhibit 3.1 to Willdan Group, Inc.'s Current Report on Form 8-K, filed with the SEC on July 12, 2023).
4.1	Specimen Stock Certificate for shares of the Registrant's Common Stock (incorporated by reference to Willdan Group, Inc.'s Registration Statement on Form S-1, filed with the SEC on August 9, 2006, as amended (File No. 333-136444)).
4.2	The Company agrees to furnish to the Securities and Exchange Commission upon request a copy of each instrument with respect to issues of long-term debt of Willdan Group, Inc. and its subsidiaries, the authorized principal amount of which does not exceed 10% of the consolidated assets of Willdan Group, Inc. and its subsidiaries.
10.1†	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 18, 2026).
10.2	Increase Request and Second Amendment to Amended and Restated Credit Agreement, dated October 30, 2026, among Willdan Group, Inc., its subsidiaries from time to time party thereto, the financial institutions from time to time party thereto as lenders, and BMO Bank N.A., as administrative agent. (incorporated by reference to Exhibit 10.1 to Willdan Group, Inc.'s Current Report on Form 8-K filed on November 5, 2026).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WILLDAN GROUP, INC.

/s/ Creighton K. Early

Creighton K. Early
Chief Financial Officer and Executive Vice President
(Principal Financial Officer, Principal Accounting Officer and duly authorized officer)
November 5, 2026

Exhibit 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael A. Bieber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willdan Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

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

Exhibit 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Creighton K. Early, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willdan Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

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

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Willdan Group, Inc. (the "Company") for the quarterly period ended October 2, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael A. Bieber, as President and Chief Executive Officer of the Company, and Creighton K. Early, as Chief Financial Officer and Executive Vice President of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

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

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

By: /s/ MICHAEL A. BIEBER
Michael A. Bieber
President and Chief Executive Officer
(Principal Executive Officer)
November 5, 2026

By: /s/ CREIGHTON K. EARLY
Creighton K. Early
Chief Financial Officer and Executive Vice President
(Principal Financial Officer)
November 5, 2026

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