

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

	Year Ended	
	December 30,	January 1,
	2016	2016
Cash flows from operating activities:		
Net income	\$ 8,299,000	\$ 4,259,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,220,000	2,072,000
Deferred income taxes	1,225,000	1,758,000
Lease abandonment expense (recovery), net	—	(44,000)
Loss on sale/disposal of equipment	4,000	(37,000)
Provision for doubtful accounts	216,000	659,000
Stock-based compensation	1,239,000	777,000
Accretion and fair value adjustments of contingent consideration	21,000	547,000
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	1,288,000	(4,354,000)
Costs and estimated earnings in excess of billings on uncompleted contracts	(4,057,000)	(1,180,000)
Other receivables	82,000	31,000
Prepaid expenses and other current assets	(519,000)	203,000
Other assets	(169,000)	31,000
Accounts payable	206,000	1,842,000
Accrued liabilities	8,409,000	(1,320,000)
Billings in excess of costs and estimated earnings on uncompleted contracts	2,159,000	2,285,000

Deferred lease obligations	(23,000)	573,000
Net cash provided by operating activities	<u>21,600,000</u>	<u>8,102,000</u>
Cash flows from investing activities:		
Purchase of equipment and leasehold improvements	(1,662,000)	(2,475,000)
Proceeds from sale of equipment	15,000	7,000
Cash paid for acquisitions, net of cash acquired	(8,857,000)	(8,168,000)
Net cash used in investing activities	<u>(10,504,000)</u>	<u>(10,636,000)</u>
Cash flows from financing activities:		
Payments on contingent consideration	(1,284,000)	—
Payments on notes payable	(4,378,000)	(2,090,000)
Proceeds from notes payable	733,000	2,606,000
Principal payments on capital lease obligations	(522,000)	(350,000)
Proceeds from stock option exercise	327,000	512,000
Proceeds from sales of common stock under employee stock purchase plan	209,000	170,000
Net cash (used in) provided by financing activities	<u>(4,915,000)</u>	<u>848,000</u>
Net increase (decrease) in cash and cash equivalents	<u>6,181,000</u>	<u>(1,686,000)</u>
Cash and cash equivalents at beginning of period	16,487,000	18,173,000
Cash and cash equivalents at end of period	<u>\$ 22,668,000</u>	<u>\$ 16,487,000</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 179,000	\$ 203,000
Income taxes	1,875,000	949,000
Supplemental disclosures of noncash investing and financing activities:		
Issuance of notes payable related to business acquisitions	\$ 4,569,000	4,250,000
Issuance of common stock related to business acquisitions	2,228,000	1,485,000
Contingent consideration related to business acquisitions	—	5,178,000
Equipment acquired under capital leases	373,000	420,000