

**S&P Global**  
Market Intelligence

**Bowman Consulting Group  
Ltd.** NasdaqGM:BWMN

*Earnings Call*

*Thursday, August 7, 2025 2:00 PM GMT*

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	7

# Call Participants

---

## EXECUTIVES

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

**Gary P. Bowman**

*Founder, CEO & Director*

## ANALYSTS

**Aaron Michael Spychalla**

*Craig-Hallum Capital Group LLC,  
Research Division*

**Andrew John Wittmann**

*Robert W. Baird & Co.  
Incorporated, Research Division*

**Brent Edward Thielman**

*D.A. Davidson & Co., Research  
Division*

**Jeffrey Michael Martin**

*ROTH Capital Partners, LLC,  
Research Division*

**Unknown Analyst**

# Presentation

---

## Operator

Good morning. My name is Victoria, and I will be the conference operator today. At this time, I would like to welcome everyone to the Bowman Consulting Group Second Quarter 2025 Earnings Conference Call.

[Operator Instructions] Please note that many of the comments made today are considered forward-looking statements under federal securities laws. As described in the company's filings with the SEC, these statements are subject to numerous risks and uncertainties that could cause future results to differ from those expressed, and the company is not obligated to publicly update or revise these forward-looking statements. In addition, on today's call, the company will discuss certain non-GAAP financial information such as adjusted EBITDA, adjusted net income, and net service billing. You can find this information together with the reconciliations to the most directly comparable GAAP information in the company's earnings press release filed with the SEC and on the company's Investor Relations website at investors.bowman.com.

Management will deliver prepared remarks, after which they will take questions from research analysts. Replays of the call will be available on the company's Investor Relations website.

Mr. Bowman, you may now begin your prepared remarks.

## Gary P. Bowman

*Founder, CEO & Director*

All right. Thank you, Victoria, and good morning, everyone, and thanks for joining our second quarter earnings call. Bruce Labovitz, our CFO, is with me this morning. I'll start today's call with some introductory remarks, and then Bruce will cover our financial performance. I'll end the call with closing statements before opening to Q&A.

So turning to Slide 3. The second quarter marked another period of growth due to strong demand across our core verticals. New orders were especially strong in Transportation, Renewables and Energy Transmission, where our expertise and differentiated capabilities continue to drive increased client engagement and long-term opportunities. The momentum we experienced across the business reflects our ability to execute with discipline and deliver high-impact outcomes for our clients.

For the quarter, we recorded a 17% increase in gross contract revenue, a 15% increase in net service billing, over 8% organic net service billing growth, and almost 51% growth in adjusted EBITDA. Importantly, record bookings during the quarter were well balanced across our markets. Once again, we reported a book-to-bill ratio of well over 1. As we sit here today, I'm pleased to report that bookings so far in the third quarter are outpacing second quarter bookings.

I'll now turn the call over to Bruce to go into greater detail. Bruce?

## Bruce J. Labovitz

*Executive VP & Chief Financial Officer*

Okay. Thanks, Gary, and good morning, everyone. Let's turn to Slide 4. As we detailed in our earnings release last night, the second quarter was record-setting on several fronts, including both gross revenue and net revenue at \$122 million and \$108 million, respectively. Adjusted EBITDA of \$20.2 million and a margin of 18.7% were also records. Adjusted EBITDA margin was up 440 basis points over the second quarter last year and 420 points over first quarter of this year.

Gross margin in the second quarter increased by 120 basis points over last year and by 230 basis points compared to the first quarter this year. That's helpful, but it's just a component of the margin expansion story. Keep in mind, gross margin sometimes fluctuates because it only reflects the burdened utilization-driven cost of our operations workforce, but does not include indirect nonbillable operations labor. So to be more complete, let's look at total overhead.

The combination of the direct payroll and SG&A lines on the P&L is total operating overhead. When we compare the second quarter to the first quarter this year and look at the sequential quarter-to-quarter changes in revenue versus changes in total overhead, you see that the \$8 million sequential period increase in net revenue was achieved with essentially a flat total overhead. Unpacking that a little further, total unburdened operations labor increased roughly 1%, while net revenue increased roughly 8%.

What we find most encouraging about the second quarter's results is the validation of our belief in the scale effect on our adjusted EBITDA margin, the point in our growth cycle where revenue is growing faster than overhead. While there were ups and downs across overhead expenses, we believe that in the aggregate, we are delivering on the scale effect. In large part, the margin expansion we delivered this quarter was the product of deliberate and disciplined labor cost management, supported by the commitment of every member of our workforce to optimize our collective utilization.

Year-to-date, our adjusted EBITDA margin is 16.7%, a 250 basis point increase over last year. At the midpoint of our guidance, we're projecting a 17% adjusted EBITDA margin for the year. This implies operating in what we believe is an extremely achievable second half average margin of a little over 17%.

Non-cash stock compensation expense in the second quarter was \$3.1 million compared to \$6.1 million last year and \$6.7 million in the first quarter. This sequential quarterly drop is attributable to two primary considerations. First, in the first quarter, we benefited from a cost arbitrage based on lower-than-expected grant date fair value for the shares we issued in April in settlement of our 2024 non-cash stock bonus accrual. Secondly, we implemented structural changes to our 2025 bonus plan during the second quarter that impacted the anticipated annual accrual for non-cash stock compensation. We currently project total non-cash stock comp expense of around \$20 million in 2025. We firmly believe our culture of widespread employee ownership creates shareholder alignment, which contributes meaningfully to improving efficiencies and to our ability to deliver a high teens margin profile.

Let's turn to Slide 5. The composition of our revenue continues to evolve and deconcentrate. To better illustrate the composition of our revenue, we've added a few new subcategories to the revenue pinwheel. In addition, we reclassified data center work to the power, utilities and energy sector given the rapidly evolving nature of our work in data centers, which Gary will discuss later. Additionally, we added a breakdown of our Transportation business to highlight what we believe will be consequential areas of concentration and growth for us over the next few years. This includes ports and harbors and mass transit, including aviation, both small parts of our business today.

Within Transportation, our work remains approximately 2/3 public and 1/3 private in nature. Natural Resources & Imaging revenue is roughly 50% public funded digital ortho imaging and photogrammetry for federal customers such as the Department of Agriculture, with the remainder split between water resources, mining and environmental services.

Let's turn to Slide 6. In the second quarter, we generated 8% organic growth in net revenue over last year. For the year, we have generated nearly 10% organic growth of net revenue. Organic growth of net revenue was positive across all verticals, being strongest in Transportation at 21%, followed by Natural Resources & Imaging at 19%, Power Utilities and Energy at 5%; and finally, Building Infrastructure at 4%. These organic growth rates demonstrate the strength of our diversified service offerings and reflect the revenue synergies that have been generated through an uncompromising commitment to adjacency and complete integration in our M&A program.

Let's turn to Slide 7. Backlog at the end of Q2 was nearly \$87 million or 25% higher as compared to last year and over \$19 million or 5% higher than the end of Q1. This healthy growth in our backlog is the product of organic sales as no new onetime inorganic backlog was added during the quarter. This growth of Transportation backlog relative to revenue is a result of our deliberate efforts to grow our Transportation business. And at this time, we consider it to be indicative of continued future deconcentration of Building Infrastructure revenue.

Let's turn to Slide 8. Our balance sheet remains healthy with low leverage of just 1.6x trailing 4 quarters adjusted EBITDA. The strength of our balance sheet and improving cash conversion provides sufficient liquidity and access to debt capital to fund our drive to greater scale. At the end of Q2, we had \$108

million in net debt with nearly \$16 million in cash on hand and \$80 million available under the current revolver with sufficient access to lease financing for capital expenditures. We see no imminent need to access the equity capital markets.

Cash flow from operations was down a bit in the quarter due to the payment of accrued bonuses and an increase in working capital resulting from backloaded growth in revenue and increased receivables during the quarter. Year-to-date, we've generated \$16.3 million of cash flow from operations, a nearly 50% adjusted EBITDA conversion rate and a three-fold increase over last year. We remain confident that we will continue to increase that ratio and end the year with conversion in the mid- to high 60s.

At the beginning of the quarter, we spent \$6.7 million -- sorry, at the beginning of the quarter, we spent \$6.7 million, capitalizing on the opportunity to repurchase stock amidst a tumultuous market, repurchasing over 300,000 shares at an average price of \$22.19 per share. With markets more settled and our stock having rebounded, we are now focused on alternative capital deployment priorities, having not made any additional repurchases so far in the third quarter.

Let's turn to Slide 9. A couple of weeks ago, we announced that we had committed \$25 million for innovation investment through the formation of the Bowman Innovation Growth Fund (sic) [ Bowman Innovative Growth Fund ] or the BIG Fund, for short. This initiative is one way we are demonstrating our commitment to engaging our workforce in our quest to expand our digital and data service offerings, expand our revenue capture into OpEx and maintenance budgets, enhance the utility of our deliverables and increasing residual interaction with customers and enable continued margin expansion through the introduction of innovation-driven efficiencies.

We consider this to be an imperative for our engineering services providers that want to remain relevant and competitive. Our efforts toward innovation are focused on three primary areas of technology: one, geolocation, GIS and intelligent spatial awareness. Two, high-resolution digital imaging and interactive 3D modeling; and three, artificial intelligence tools that leverage large language modeling, hyper iteration and agentic applications. We're already funding several employee-initiated pilot projects and are vetting several others. We expect to yield meaningful returns on these investments over time. For now, we are only investing in internally generated ideas with internally executed implementations.

I'll close by addressing the impacts of the recent One Big Beautiful Bill on our business. Keep in mind, the legislation was passed in July, so there are no visible effects in Q2. Of particular benefit to Bowman are the reversion to 100% bonus depreciation and the elimination of the requirement to capitalize and amortize research and experimental expenditures. This change finally affords us the ability to permanently unwind our uncertain tax position over time and reverse corresponding accruals for potential interest with such future reversals having positive impacts on earnings per share.

With that, I'm going to turn the call back over to Gary for closing comments.

**Gary P. Bowman**  
*Founder, CEO & Director*

Great. Thank you, Bruce. One of the significant drivers of future growth for Bowman is the renewed increase in demand for power generation, transmission and consumption. This phenomenon has been accelerated by the rapidly expanding applications for data centers. Data centers today are amongst the most energy-intensive forms of infrastructure development, and their scale, complexity and urgency are reshaping how we think about them as an asset class.

Data centers are no longer just land development initiatives driven by the availability of fiber and proximity to substations. Today, data centers start and end with the availability of power, both in permanent and temporary bridging applications. Power has displaced latency as the primary problem to solve. To better position Bowman for success in capturing a larger share of the entirety of the data center market, we've moved data centers out of Building Infrastructure and into our Power market sector, where it belongs and where it will thrive.

We also made an acquisition to further expand our range of service offerings to data center developers and operators. Given the growing influence of the data center market on our business, I want to spend

a few minutes walking through our strategy in this space, how the e3i acquisition positions us to unlock near-term growth and expand our service scope in the quarters ahead.

Let's turn to Slide 11. Historically, data centers were built where zoning allowed it, fiber was abundant and power was sufficient. Today, the definition of sufficiency has exploded to levels unfathomable 5- to 10-years ago, and power is the catalyst of successful data center planning. This is where we are uniquely positioned to capitalize on the growth of data centers. Our teams are not only supporting clients through site development permitting, but also in the design of on-site substations, switching yards, advanced chiller systems and power distribution infrastructure. We're also able to implement advanced thermal strategies into our designs. These capabilities increase both project complexity and value, which we expect will help us win high-margin, longer-duration engagements.

Evolution in the rapidly evolving power dynamics of the data center market is exactly why we acquired e3i, to better position us to compete for broader scopes of work and grow our long-term presence in this sector. With e3i, we now offer a true end-to-end solution from land acquisition and entitlement to on-site infrastructure and substation integration, all the way to delivery of cooling and electrical systems inside the walls of the facilities. A full delivery solution enables us to expand project scopes, compete more aggressively with the growing power needs of our clients and deliver greater value per engagement.

The rise of data centers is also fueling increased demand for our Renewables and Energy Services divisions. As clients bring data centers online in advance of the availability of traditionally transmitted electricity, they also pursue grid independence and cogeneration strategies such as battery energy storage, fuel cells, microgrids, and the alternative energy generation. We have the expertise to plan, permit and engineer both facilities and the energy infrastructure they depend on, making us not only a key partner in facility design, but in long-term energy strategy.

So while we are concentrating on capturing more market share and wallet share in data centers, we continue to focus on revenue diversification across all verticals, and we continue to sail where the tailwinds are strong in other areas, such as road and bridge infrastructure, mass transit, water resources, ports and harbors and other general civil infrastructure.

As we look for the rest of the year, we're optimistic about the remainder of 2025 and our early view of 2026. We expect to see a similar growth pattern to what we experienced last year, wherein momentum builds for the second and third quarters with growth accelerating midyear before leveling out in the fourth quarter.

On Slide 12, you'll see we're raising 2025 full year guidance of net revenues in the range of \$430 million to \$442 million with adjusted EBITDA between \$71 million and \$77 million. I'll now turn this call back to Victoria for questions.

## Question and Answer

---

### Operator

Our first question comes from the line of Aaron Spychalla with Craig-Hallum.

#### **Aaron Michael Spychalla**

*Craig-Hallum Capital Group LLC, Research Division*

Maybe first for me, can you talk a little bit about the Transportation segment and just some of the growth that you're seeing there, particular areas of strength? And just maybe talk a little bit about the pipeline and how you see that segment performing over the near term.

#### **Gary P. Bowman**

*Founder, CEO & Director*

Sure, Aaron. What we're seeing is really some -- the establishment of great synergies between some of our recent acquisitions and just increased presence in the market; the public spending, both from the infrastructure bill and other funding sources is certainly continued in a robust manner. So lots of wins in our construction management and engineering services, but all throughout also with bridge renewal and highway design. So really across the board, great backlog.\

#### **Aaron Michael Spychalla**

*Craig-Hallum Capital Group LLC, Research Division*

All right. And then maybe on Power and Utilities, energy transmission is an area we haven't heard about for a little bit. Can you maybe just give a little bit more color there, the size of that business for you today and kind of how you see the outlook there moving forward?

#### **Gary P. Bowman**

*Founder, CEO & Director*

Yes, Aaron, it's a significant part of our Energy and Power segment. Our geospatial group has had some great recent wins with power transmission. And with the acquisition of Surdex last year, we're starting to seeing some applications with our fixed aerial to for some of the big transmission jobs. So we see that as a continuing increasing part of our power and energy business.

#### **Aaron Michael Spychalla**

*Craig-Hallum Capital Group LLC, Research Division*

All right. And then just maybe last on the operating leverage. Really good to see that start to show through. Can you just kind of talk about how you feel from an operational capacity standpoint, areas of investment that you might need there?

#### **Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

I guess the answer to that is we're happy with the way we're leveraging the size of the operation. The key input is always labor, right? And so managing the increases, labor being prepared to meet the demand that's coming in through, as Gary mentioned, increasing sales. So investing in having the appropriate labor force available at the right size in the right places at the right times is a meaningful amount of effort here.

Beyond that, we've talked about investing in innovation that allows us to further leverage the workforce into higher multiples of return, being able to provide more efficient technology-enabled services to capitalize on the inventory of digital assets that we have in place today to be able to scale in such a way that it's not one-to-one incremental labor to incremental revenue, that it is a multiple of incremental labor to revenue going forward.

So we're investing internally in systems and processes and digital services that are of high value and then making sure we keep the labor force correctly aligned for the future.

**Operator**

Our next question comes from the line of Brent Thielman with D.A. Davidson.

**Brent Edward Thielman**

*D.A. Davidson & Co., Research Division*

Great quarter, guys. I guess just -- yes, first question was just maybe, Bruce, just on the outlook. The updated view for the year at the midpoint sort of implies somewhat lower margins in the second half. And it seems like a lot of the factors that are driving the really good operating leverage here this quarter should carry forward. So I just wanted to get a sense if there's some other things that we ought to consider on the margins in the second half. I know it's a dynamic macro environment right now, and there's a need to want to be conservative as well. So just wanted to dive into that a bit.

**Gary P. Bowman**

*Founder, CEO & Director*

Yes, Brent, we've talked about in the past that quarterly margins will vary depending on the timing of revenue and the increases in labor. And think about the second half relative to the first half, and it does imply improving margins over the first half as a collective.

I think that this quarter is a very positive indication of the capability of the organization to generate the kind of long-term high margins that we aspire to deliver. We will see some inflationary pressure on labor throughout the year, and we do think that will have some dilutive effect to this particular quarter's margin, but not meaningfully. And so as we look ahead, we're confident that we can achieve a higher collective margin in the second half of this year than we achieved in the first half of this year, whether it will be exactly evenly distributed or exactly at this quarter's level, achieving this quarter's level of margin would allow us to exceed our guidance for the year. So that's our aspiration.

**Brent Edward Thielman**

*D.A. Davidson & Co., Research Division*

Okay. And then just on the, I guess, press release, Bruce you talked a bit about it, the BIG Fund. Any time lines associated with that? Is that fairly open-ended in terms of the deployment of that back into the business? Just wanted to get a better sense around that.

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

Yes. At the moment, Brent, I would characterize it as opportunistically open-ended. We would like to be deploying capital into the business in productive ways as quickly as possible, but as prudently as possible. So we are sort of thinking of it as there's an investment committee that is assessing ideas that is funding pilot programs. We're currently working with a couple of pilot programs at our ports and harbors group and our water resources group and our civil production group in terms of how we traffic work around the organization. And so there's a number of good things. I would say this is -- you see it between the rest of this year and next year, we'd like to see that capital being deployed and returns starting to be generated.

So it's an exciting initiative within the company. It's got a lot of traction, and it's amazing how many ideas our workforce has been able to generate. We're sorting through them.

**Brent Edward Thielman**

*D.A. Davidson & Co., Research Division*

Awesome. And then last one, I mean, Gary, I'd be curious if you could just talk around how some of the demands of the data centers have changed the way you work around and with these customers. I mean on the one hand, it's a small portion of your business, but I'm sure it's having kind of knock-on effects in

other areas of your business as well. So if you could just talk around that and how you see that unfolding here going forward?

**Gary P. Bowman**

*Founder, CEO & Director*

Well, it's a great question because it is evolving from one where several years ago, it was a land acquisition, entitlement, site development work to now being tied together with, as we said in the comments, the entirety of energy infrastructure, the energy demand, power generation and now with the addition of e3i to be able to get inside the walls of the building. So it's rapidly evolving and in a way that is synergistic with other areas of the business that we've been building. So we're very excited about the -- needless to say, about the future potential.

**Operator**

Our next question comes from the line of Andy Wittmann with Baird.

**Andrew John Wittmann**

*Robert W. Baird & Co. Incorporated, Research Division*

Yes. I mean, as I look at the quarter, I think, again, the margins just really stand out to us. So not to beat a dead horse here, but like, Bruce, could you just talk about over the last year or so, you've also done some things to manage that overhead. You've done some cost actions there. Talk about if that was a contributor here. It's kind of a few quarters now. I don't know if it's still contributing, but can you just discuss that as it relates to the margins and the benefits maybe from the mix of work that you're doing? I have to imagine that this data center grows faster than the rest of the business and some of the lower margin parts maybe aren't growing as fast. Maybe that's a factor as well. So just maybe a thought could have you address those couple of things, too, Bruce.

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

Yes, sure, Andy. Margin -- the principal contributor to margin here is the efficiency of labor. Hand down, that's sort of the single biggest lever is having the right labor in the right place at the right time to meet the demand that the business is generating and the revenue that is to be generated. Having the pyramid of labor in the right shape, so that you've got cost -- you've got a large collection of folks that can do a lot of different functions and a fewer of the highly specialized folks so that you can share work more freely. It's a function of the adjacency of our M&A activity that we're buying things that fit within that pyramid of labor. And then we are fully integrating them without regard for how they looked before.

As part of the vetting process of M&A to be able to find the right kinds of organizations that understand what the post-closing environment is going to look like and why they're going to fit in and thrive in this environment. So labor is really the biggest lever we have. And last year, as you talked about, we retrenched and got very serious about -- made some leadership changes in terms of how labor and operations were managed, and it's been a very effective realignment of interest there and of effort. Everyone within the company has stepped up, mobilized and found ways to optimize utilization.

The rest of overhead is one of those things that we control to the best of our ability and try to limit the growth of. And we're not in a, what we call it, rapid cost-cutting mode, but we're looking at where can we be more effective with what we have as opposed to acquiring more things. So all those things together are contributing to a -- what we said is essentially a flat total overhead period-over-period. I don't really think of it as year-over-year. I really like to think of things in sequential periods because that's where you really see the relevant change.

In terms of margin of work, I would say that it's not as big a factor. We're not out here chasing specific categories of work because we've identified them as being higher margin. But I will say that the introduction of technology is an accelerant in the margin profile of all of the things that we do to be able to iterate faster, to be able to access large troves of publicly available information and synthesize them in

real language. I mean our people be able to essentially ask Bowman their own questions about how to win work has been a very valuable and contributing investment.

**Andrew John Wittmann**

*Robert W. Baird & Co. Incorporated, Research Division*

Just kind of -- Gary, the M&A pace, you've previously discussed that your M&A pace in terms of number of acquisitions might be lower, size of them might be higher. We had a quarter here where I don't think anything closed. So really two aspects to this question. The first aspect is, has that slower acquisition pace afforded a better look at the organic business that's helped you focus in on some of these cost actions? And two, is this still the plan forward with maybe lower frequency, larger deals? And how should investors be thinking about that as we sit here today?

**Gary P. Bowman**

*Founder, CEO & Director*

So it's a great question, Andy. I'd say the pace of our acquisitions, it's really a matter of some normal ebbs and flows, and it has been ebbing. So it wasn't deliberate, but it's certainly timely and we've taken advantage of it and by taking some bandwidth to be able to focus on the organic growth and the efficiencies. But we certainly will continue to be an acquisitive firm acquisitive company. And the pace will be focused more on larger deals and not quite as frequent.

**Andrew John Wittmann**

*Robert W. Baird & Co. Incorporated, Research Division*

Then just a few for me, one last one, maybe for you, Bruce. I noticed the change in the stock-based comp and just looking at the run rate of what's coming on. You talked about how you kind of restructured the program, you made some changes to it. This is, I think, for a lot of investors has been an important area actually because it's been a fairly large number relative to the size of your company. So I guess maybe the question is from an operational point of view, like is there a substitute here where maybe there's a little bit less stock comp that goes through the income statement, but there's more cash? I'm just wondering if there's some other aspect to how this kind of change in the compensation system, which has been so important. I mean Gary set up this company with equity for people, keep them aligned. I mean this was foundational to kind of the thesis about what your company was going to do. So when you change it, I kind of want to understand what's changed, how that affects people and how it affects the income statement, a little bit more detail there.

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

Yes. I think, Andy, the answer is that in the aggregate, we still are in a competitive labor environment, and compensation matters, right? And so don't take that as if we are cutting compensation. We're just restructuring the way that compensation is -- and the incentives -- the incentives and the way the compensation is settled. And in response to -- in an effort to bring the non-cash stock comp portion and the dilutive effect of that a little more in line as we get bigger, we are not reversing course in any way on our mindset that it is an important component of this business' success to have invested aligned employees who care about the long-term value creation, who are incentivized to work that extra hour or two because they know that when we generate margins like we do today, we all benefit collectively. But yes, there's certainly -- in the mix of compensation, if you take from one, you give somewhere else. And so we're not risking the loss of employees over it, but we're realigning to where we're at about 4% this year and expecting that to come down as we grow as revenue grows and we scale into this mindset.

We don't disclose specific bonus components because from a competitive perspective, that's something that we try to be generally descriptive of, but not specifically descriptive of. But the answer is yes, there's some give and take in there, but it is in recognition of that need to realign.

**Gary P. Bowman**

*Founder, CEO & Director*

Andy, this is Gary. I just want to reiterate what Bruce said is, as this evolves, our ownership culture is as strong as it's ever been. So we're committed to not compromising on that and sort of walking the line between the two. And so far, it appears -- we're doing it successfully.

**Operator**

Our next question comes from the line of Jeff Martin with ROTH Capital Partners.

**Jeffrey Michael Martin**

*ROTH Capital Partners, LLC, Research Division*

Wondering if you could touch on an update on the Building Infrastructure Group. The organic growth returned positive for it in the quarter and I wanted specifically to dive into the potential for Bowman to benefit from potential industrial reshoring.

**Gary P. Bowman**

*Founder, CEO & Director*

Sure, Jeff. It's -- the market has rebounded over the past 6 months in our general building infrastructure group. We've had some really great wins in -- with big national retailers. And the residential segment is stronger. We're seeing lots of recovery in multifamily and in build for rent, we've had -- we have a great presence in the build-for-rent market, and there's some really strong green shoots there. So with reshoring in the long run, certainly, our position in building infrastructure overall will benefit from that. So we're looking forward to that. I don't think it will show up next quarter. I don't think it show up in the fourth quarter, but in the long run, that will be a tailwind for us.

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

We think about reshoring, really, reshoring is an entire ecosystem of our services. Anything that gets reshored requires transportation and power and environmental remediation and then all the collateral building infrastructure associated with the housing required and the commercial and retail. So it's a holistic impact to us what is the idea of reshoring.

**Jeffrey Michael Martin**

*ROTH Capital Partners, LLC, Research Division*

Great. And then I wanted to touch on, given the nice increase in backlog, just curious from a high level, how much you're bidding on larger contracts, how much you're competing more directly on those potentially larger contracts? And is this something that you anticipate being more prominent to the business going forward?

**Gary P. Bowman**

*Founder, CEO & Director*

Sure, Jeff. As the company evolves, as we move into other markets, almost by definition, transportation markets, highways, bridges, ports and harbors, with the bigger energy projects, we are bidding on and winning bigger projects. So as we continue to grow, we continue to expand into these markets that are newer to us, but that we're well established in, we will see that a continued pattern that I'll say the average size is going to get larger. We're going to have more larger wins as we continue to grow the company.

**Jeffrey Michael Martin**

*ROTH Capital Partners, LLC, Research Division*

Great. And then I wanted to dive in on the BIG Fund a little bit more. It sounds like this is largely a technology-focused initiative. Is there opportunity to create more of a recurring type revenue stream longer term as a result of this initiative?

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

Yes. I'll answer that, Jeff, absolutely. And it's one of the prime objectives of the BIG Fund is to identify places and opportunities to deploy capital in assets that can create recurring revenue streams. And fundamentally, what we -- where we are evolving is from being sort of strictly in the CapEx mindset of our customers to being in the operating and maintenance mindset of our customers. And that is, by definition, recurring revenue opportunity. So not just designing the asset, but innovating in our product suite so that we then deliver our product to our customers in a way that they interact with us on an ongoing basis throughout the life cycle of the asset.

You'll see in Gary's quote, we talked about evolution in the life cycle engineering. And that's a deliberate terminology that we're using because that's what we think is -- generates a recurring revenue opportunity for us. We're investing in ways that we can engage with customers between engagements and create recurring contracted maintenance services, not physically going and turning wrenches and screw drivers to maintaining but being able to predictably assess the state of infrastructure to know when and where repairs, upgrades and/or risks exist.

So it's very much a part of the business. And it's also designed to help to break down friction in what we would think of as high-volume opportunities where you can leverage the universe of language and libraries of information to rapidly deploy proposals on behalf of customers to expedite their ability to obtain funding.

**Operator**

Our next question comes from the line of Laura Maher with B. Riley Securities.

**Unknown Analyst**

My first question is, what are your customers telling you about how the One Big Beautiful Bill might affect their project pipelines and timing? And then how does that transpire to your operations on the front end?

**Gary P. Bowman**

*Founder, CEO & Director*

Laura, it's Gary. It's fairly early. Certainly, the accelerated depreciation is going -- makes a difference in investment decisions. So I guess the most immediate feedback that we hear from the market is that, that will have an effect on investment.

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

There's also a calming of uncertainty that results from, okay, this is now behind us, right? It's not an open question. And so now our customers can regroup, settle in and know where long term there's opportunity for funding, for capital deployment. It is certainly, in many cases, accelerating the race to permitting on renewable energy because there are some deadlines now that exist that I think are going to draw forward in the next 18 months, a large collection of activity in order to lock in what was previously not expiring, but now is. So we're gearing up in expectation of there being an increase in that activity.

**Unknown Analyst**

Great. And then just another one. What's driving the growth in Natural Resources? And how much runway do you think remains in that segment?

**Bruce J. Labovitz**

*Executive VP & Chief Financial Officer*

Yes, a big -- we've talked about this that a big influence there was the acquisition of Surdex and the introduction of this adjacent but new service that didn't really, in many cases, fit into other categories. We this year have started to allocate it more throughout the business. And so a big driver of that is in the work we're doing for high-altitude orthoimagery, photogrammetry and geospatial services around things like the Department of Agriculture programs that remain in what we would call natural resources. There's

been good growth in water, good growth in mining and by a flat environmental environment for us, but that's the primary driver.

**Operator**

There are no further questions registered at this time. [Operator Instructions] Ladies and gentlemen, as there are no further questions, we will conclude today -- apologies.

We would like to pass the call back to Mr. Bowman, for any final remarks.

**Gary P. Bowman**

*Founder, CEO & Director*

Great. Thanks, Victoria. I want to take a moment to thank all the staff, employees of Bowman for all the great hard work over the course of this year, over the course of this quarter. These results, they don't happen by accident. It's not just Bruce and I that drive it. So great work to everybody. And thanks to our investors for the faith you put in us, and we're looking forward to a continued great year and continued good years ahead. Thanks, everybody. Good morning.

**Operator**

That concludes today's conference call. Thank you for joining. You may now disconnect your lines.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

© 2025 S&P Global Market Intelligence.