## **Q1 2025 EARNINGS REPORT**

*For the Quarter Ending March 31, 2025*

## **FINANCIAL HIGHLIGHTS**

**Q1 2025 Revenue:** $92.5 Million  
 **Q1 2025 Net Income:** $11.3 Million  
 **Gross Margin:** 18.2%  
 **Current Backlog:** $4.2 Billion  
 **New Contract Awards:** $397.5 Million

## **LETTER FROM THE CEO**

**To Our Valued Shareholders and Stakeholders:**

I am pleased to report that Zampino Construction Group has started 2025 with strong performance across all our regional divisions, continuing our legacy of consistent growth while positioning ourselves strategically for the future.

The first quarter of 2025 was marked by several significant achievements, most notably the award of a $347.5 million contract for the Federal Research and Innovation Center in Chicago. This prestigious design-build project will showcase our expertise in constructing advanced research facilities while meeting stringent sustainability requirements and federal security standards. As a Chicago-based company with deep roots in the Midwest, we are particularly proud to be selected to build this landmark facility in our home region.

Our focus on federal government infrastructure projects continues to yield excellent results, with our backlog reaching $4.2 billion at the end of Q1, providing us with solid revenue visibility through 2028. The strategic investments we've made in our Technology & Innovation Department are enhancing our competitive position, particularly in the implementation of Building Information Modeling (BIM) and other digital construction technologies required for complex federal projects.

Looking ahead, we remain cautiously optimistic about the construction market, especially in the government and research sectors. While we continue to navigate industry-wide challenges related to material costs and skilled labor availability, our long-standing relationships, diversified regional presence, and strong balance sheet position us to capitalize on emerging opportunities.

On behalf of our leadership team and our 15,000+ employees, I thank you for your continued support and confidence in Zampino Construction Group.

Sincerely,

Robert "Rob" Zampino  
 Chief Executive Officer

## **OPERATIONAL HIGHLIGHTS**

### **Major Contract Awards**

* **Federal Research and Innovation Center - Midwest Hub** ($347.5 million)  
   Design-build contract for a 425,000 square foot research facility in Chicago, Illinois  
  + LEED Platinum certification requirements
  + Federal Security Standards Level IV compliance
  + BIM Level 400 implementation
  + 35% Small Business Subcontracting requirement
  + Project timeline: 2025-2028
* **Additional Q1 Contract Awards** ($50 million)  
   Various smaller contracts across our five regional divisions

### **Project Progress**

* **Midwest Transportation Corridor** Final phase on schedule for completion in Q3 2025
* **Veterans Administration Medical Center - Southwest Region** Reached 65% completion; on budget and ahead of schedule
* **University Research Laboratory - Northeast Region** Completed and delivered 2 weeks ahead of schedule

### **Regional Performance**

* **Northeast Division (Boston):** Strong performance in educational facilities sector
* **Southeast Division (Atlanta):** Expanded operations with two new state government contracts
* **Midwest Division (Chicago):** Leading division by revenue, bolstered by new Federal Research Center award
* **Southwest Division (Dallas):** Continued growth in sustainable construction projects
* **Western Division (Denver):** Maintained leadership in scientific research facility construction

## **STRATEGIC INITIATIVES**

### **Technology Implementation**

Under the leadership of CTO Diane Chen, we have accelerated the following digital transformation initiatives:

* Full implementation of company-wide BIM Level 400 capabilities
* Deployment of integrated project management platforms across all divisions
* Enhanced preconstruction visualization technologies
* Expanded construction analytics program for improved project forecasting

### **Workforce Development**

* Expanded the Zampino Leadership Academy with 45 new participants
* Increased Veterans Integration Program recruitment by 22%
* Enhanced technical training through our Legacy Builders knowledge transfer program

### **Sustainability Focus**

* Achieved LEED certification on 100% of completed Q1 projects
* Expanded sustainable construction methods expertise through specialized training
* Implemented enhanced carbon footprint tracking across all active projects

## **FINANCIAL RESULTS**

### **Revenue by Division**

| **Division** | **Q1 2025 Revenue** | **% of Total** | **YoY Change** |
| --- | --- | --- | --- |
| Northeast | $18.5 Million | 20% | +8% |
| Southeast | $15.7 Million | 17% | +5% |
| Midwest | $24.0 Million | 26% | +15% |
| Southwest | $17.8 Million | 19% | +7% |
| Western | $16.5 Million | 18% | +6% |
| **Total** | **$92.5 Million** | **100%** | **+8.2%** |

### **Revenue by Service Type**

| **Service Category** | **Q1 2025 Revenue** | **% of Total** |
| --- | --- | --- |
| Federal Government Projects | $41.6 Million | 45% |
| Research Facilities | $21.3 Million | 23% |
| Commercial Buildings | $13.9 Million | 15% |
| Transportation Infrastructure | $9.2 Million | 10% |
| Recreation Facilities | $6.5 Million | 7% |
| **Total** | **$92.5 Million** | **100%** |

### **Income Statement Highlights**

| **Metric** | **Q1 2025** | **Q1 2024** | **Change** |
| --- | --- | --- | --- |
| Revenue | $92.5 Million | $85.5 Million | +8.2% |
| Gross Profit | $16.8 Million | $15.2 Million | +10.5% |
| Operating Expenses | $3.9 Million | $3.7 Million | +5.4% |
| Operating Income | $12.9 Million | $11.5 Million | +12.2% |
| Net Income | $11.3 Million | $9.8 Million | +15.3% |
| Gross Margin | 18.2% | 17.8% | +0.4% |
| Operating Margin | 13.9% | 13.4% | +0.5% |
| Net Margin | 12.2% | 11.5% | +0.7% |

## **MARKET OUTLOOK**

We remain optimistic about market conditions for the remainder of 2025, with particular strength in the following sectors:

* **Federal Infrastructure**: Increased government spending on research facilities and infrastructure modernization
* **Scientific Research Facilities**: Growing demand driven by both public and private sector R&D investment
* **Sustainable Construction**: Accelerating requirements for LEED certification across all project types

We anticipate continued challenges in:

* Material cost volatility
* Skilled labor availability in certain markets
* Increasing regulatory requirements

Our diversified regional presence and strong government relationships position us well to navigate these challenges while capitalizing on emerging opportunities.

## **UPCOMING MILESTONES**

* **Q2 2025**: Groundbreaking ceremony for Federal Research and Innovation Center
* **Q2 2025**: Completion of Midwest Transportation Corridor final phase
* **Q3 2025**: Launch of enhanced BIM training program across all divisions
* **Q3 2025**: Release of updated five-year strategic plan
* **Q4 2025**: Annual Leadership Conference and Technology Showcase

## **ABOUT ZAMPINO CONSTRUCTION GROUP**

Zampino Construction Group is a family-owned construction enterprise headquartered in Chicago, Illinois, with operations spanning nationwide through strategically located branch offices. Founded in the early 1900s by Mark Zampino, the company has grown from a small local builder to one of the nation's largest privately-held construction firms, now employing over 15,000 employees and contractors across the United States.

Currently led by Robert "Rob" Zampino, great-grandson of founder Mark Zampino, the company represents four generations of construction excellence and family stewardship.

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*This report contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in the forward-looking statements.*