

EXPONENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended June 30, 2017 and July 1, 2016
(unaudited)
(in thousands, except per share data)

	Quarter Ended		Six Months Ended	
	June 30, 2017	July 1, 2016	June 30, 2017	July 1, 2016
<u>Revenues</u>				
Revenues before reimbursements	\$ 84,120	\$ 73,334	\$ 164,587	\$ 152,284
Reimbursements	3,720	3,961	7,375	8,167
Revenues	87,840	77,295	171,962	160,451
<u>Operating expenses</u>				
Compensation and related expenses	51,536	47,040	105,954	99,057
Other operating expenses	7,275	7,218	14,466	14,201
Reimbursable expenses	3,720	3,961	7,375	8,167
General and administrative expenses	4,992	4,145	9,216	7,659
	67,523	62,364	137,011	129,084
Operating income	20,317	14,931	34,951	31,367
<u>Other income</u>				
Interest income, net	266	171	500	310
Miscellaneous income (expense), net	1,765	1,575	4,307	2,734
	2,031	1,746	4,807	3,044
Income before income taxes	22,348	16,677	39,758	34,411
Income taxes	8,557	6,224	9,391	8,608
Net income	\$ 13,791	\$ 10,453	\$ 30,367	\$ 25,803
<u>Net income per share:</u>				
Basic	\$ 0.52	\$ 0.39	\$ 1.15	\$ 0.97
Diluted	\$ 0.51	\$ 0.38	\$ 1.13	\$ 0.95
<u>Shares used in per share computations:</u>				
Basic	26,415	26,631	26,358	26,572
Diluted	26,968	27,264	26,980	27,256

EXPONENT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 2017 and December 30, 2016
(unaudited)
(in thousands)

	<u>June 30,</u> <u>2017</u>	<u>December 30,</u> <u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 90,233	\$ 114,967
Short-term investments	71,763	58,755
Accounts receivable, net	107,444	87,409
Prepaid expenses and other assets	9,283	12,913
Total current assets	<u>278,723</u>	<u>274,044</u>
Property, equipment and leasehold improvements, net	35,892	36,710
Goodwill	8,607	8,607
Other assets	86,453	84,383
	<u>\$ 409,675</u>	<u>\$ 403,744</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,610	\$ 10,073
Accrued payroll and employee benefits	50,904	62,539
Deferred revenues	6,602	7,624
Total current liabilities	<u>68,116</u>	<u>80,236</u>
Other liabilities	50,711	48,508
Deferred rent	1,449	1,654
Total liabilities	<u>120,276</u>	<u>130,398</u>
Stockholders' equity:		
Common stock	33	33
Additional paid-in capital	206,752	194,632
Accumulated other comprehensive loss	(2,532)	(3,126)
Retained earnings	304,224	291,243
Treasury stock, at cost	(219,078)	(209,436)
Total stockholders' equity	<u>289,399</u>	<u>273,346</u>
	<u>\$ 409,675</u>	<u>\$ 403,744</u>

EXPONENT, INC.
EBITDA and EBITDAS (1)
For the Quarters Ended June 30, 2017 and July 1, 2016
(unaudited)
(in thousands)

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2017</u>	<u>July 1, 2016</u>	<u>June 30, 2017</u>	<u>July 1, 2016</u>
Net Income	\$ 13,791	\$ 10,453	\$ 30,367	\$ 25,803
Add back (subtract):				
Income taxes	8,557	6,224	9,391	8,608
Interest income, net	(266)	(171)	(500)	(310)
Depreciation and amortization	1,629	1,524	3,195	2,927
EBITDA (1)	<u>23,711</u>	<u>18,030</u>	<u>42,453</u>	<u>37,028</u>
Stock-based compensation	3,532	2,709	9,187	7,929
EBITDAS (1)	<u>\$ 27,243</u>	<u>\$ 20,739</u>	<u>\$ 51,640</u>	<u>\$ 44,957</u>

(1) EBITDA is a non-GAAP financial measure defined by the Company as net income before income taxes, interest income, depreciation and amortization. EBITDAS is a non-GAAP financial measure defined by the Company as EBITDA before stock-based compensation. The Company regards EBITDA and EBITDAS as useful measures of operating performance and cash flow to complement operating income, net income and other GAAP financial performance measures. Additionally, management believes that EBITDA and EBITDAS provide meaningful comparisons of past, present and future operating results. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. These measures, however, should be considered in addition to, and not as a substitute or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP.