

**EXPONENT, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
For the Quarters Ended September 28, 2018 and September 29, 2017  
(unaudited)  
(in thousands, except per share data)

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>September 28, 2018</u>	<u>September 29, 2017</u>	<u>September 28, 2018</u>	<u>September 29, 2017</u>
<b><u>Revenues</u></b>				
Revenues before reimbursements	\$ 88,714	\$ 82,359	\$ 269,370	\$ 246,946
Reimbursements	6,588	5,196	18,010	12,571
Revenues	<u>95,302</u>	<u>87,555</u>	<u>287,380</u>	<u>259,517</u>
<b><u>Operating expenses</u></b>				
Compensation and related expenses	55,639	51,493	168,676	157,447
Other operating expenses	7,826	7,500	22,857	21,966
Reimbursable expenses	6,588	5,196	18,010	12,571
General and administrative expenses	4,655	4,061	13,167	13,277
	<u>74,708</u>	<u>68,250</u>	<u>222,710</u>	<u>205,261</u>
Operating income	20,594	19,305	64,670	54,256
<b><u>Other income (expense), net</u></b>				
Interest income, net	740	372	1,813	872
Miscellaneous income, net	2,655	2,353	4,875	6,660
	<u>3,395</u>	<u>2,725</u>	<u>6,688</u>	<u>7,532</u>
Income before income taxes	23,989	22,030	71,358	61,788
<b>Income taxes</b>	<u>6,536</u>	<u>7,387</u>	<u>15,140</u>	<u>16,778</u>
Net income	<u>\$ 17,453</u>	<u>\$ 14,643</u>	<u>\$ 56,218</u>	<u>\$ 45,010</u>
<b><u>Net income per share:</u></b>				
Basic	\$ 0.33	\$ 0.28	\$ 1.06	\$ 0.85
Diluted	\$ 0.32	\$ 0.27	\$ 1.04	\$ 0.83
<b><u>Shares used in per share computations:</u></b>				
Basic	53,032	52,740	52,928	52,724
Diluted	54,302	53,926	54,181	53,952

**EXPONENT, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**September 28, 2018 and December 29, 2017**  
**(unaudited)**  
**(in thousands)**

	<u>September 28, 2018</u>	<u>December 29, 2017</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 120,977	\$ 124,794
Short-term investments	81,373	71,604
Accounts receivable, net	122,911	110,100
Prepaid expenses and other assets	11,243	9,011
Total current assets	<u>336,504</u>	<u>315,509</u>
Property, equipment and leasehold improvements, net	43,969	35,014
Goodwill	8,607	8,607
Other assets	91,813	80,459
	<u>\$ 480,893</u>	<u>\$ 439,589</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 13,221	\$ 14,741
Accrued payroll and employee benefits	66,060	70,064
Deferred revenues	8,864	8,302
Total current liabilities	<u>88,145</u>	<u>93,107</u>
Other liabilities	60,909	56,102
Deferred rent	1,205	1,292
Total liabilities	<u>150,259</u>	<u>150,501</u>
Stockholders' equity:		
Common stock	66	66
Additional paid-in capital	225,454	210,230
Accumulated other comprehensive loss	(3,014)	(2,029)
Retained earnings	332,907	303,990
Treasury stock, at cost	(224,779)	(223,169)
Total stockholders' equity	<u>330,634</u>	<u>289,088</u>
	<u>\$ 480,893</u>	<u>\$ 439,589</u>

**EXPONENT, INC.**  
**EBITDA and EBITDAS (1)**  
**For the Quarters Ended September 28, 2018 and September 29, 2017**  
**(unaudited)**  
**(in thousands)**

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>September 28, 2018</u>	<u>September 29, 2017</u>	<u>September 28, 2018</u>	<u>September 29, 2017</u>
Net Income	\$ 17,453	\$ 14,643	\$ 56,218	\$ 45,010
Add back (subtract):				
Income taxes	6,536	7,387	15,140	16,778
Interest income, net	(740)	(372)	(1,813)	(872)
Depreciation and amortization	1,561	1,567	4,710	4,762
<b>EBITDA (1)</b>	<u>24,810</u>	<u>23,225</u>	<u>74,255</u>	<u>65,678</u>
Stock-based compensation	3,572	3,541	13,605	12,728
<b>EBITDAS (1)</b>	<u>\$ 28,382</u>	<u>\$ 26,766</u>	<u>\$ 87,860</u>	<u>\$ 78,406</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.