

EXPONENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended September 27, 2019 and September 28, 2018
(unaudited)
(in thousands, except per share data)

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>September 27, 2019</u>	<u>September 28, 2018</u>	<u>September 27, 2019</u>	<u>September 28, 2018</u>
<u>Revenues</u>				
Revenues before reimbursements	\$ 95,506	\$ 88,714	\$ 289,170	\$ 269,370
Reimbursements	6,042	6,588	17,915	18,010
Revenues	<u>101,548</u>	<u>95,302</u>	<u>307,085</u>	<u>287,380</u>
<u>Operating expenses</u>				
Compensation and related expenses	58,526	55,639	185,616	168,676
Other operating expenses	8,345	7,826	24,448	22,857
Reimbursable expenses	6,042	6,588	17,915	18,010
General and administrative expenses	5,451	4,655	15,345	13,167
	<u>78,364</u>	<u>74,708</u>	<u>243,324</u>	<u>222,710</u>
Operating income	23,184	20,594	63,761	64,670
<u>Other income (expense), net</u>				
Interest income, net	915	740	2,894	1,813
Miscellaneous income, net	1,112	2,655	10,729	4,875
	<u>2,027</u>	<u>3,395</u>	<u>13,623</u>	<u>6,688</u>
Income before income taxes	25,211	23,989	77,384	71,358
Income taxes	<u>5,578</u>	<u>6,536</u>	<u>14,045</u>	<u>15,140</u>
Net income	<u>\$ 19,633</u>	<u>\$ 17,453</u>	<u>\$ 63,339</u>	<u>\$ 56,218</u>
<u>Net income per share:</u>				
Basic	\$ 0.37	\$ 0.33	\$ 1.20	\$ 1.06
Diluted	\$ 0.36	\$ 0.32	\$ 1.17	\$ 1.04
<u>Shares used in per share computations:</u>				
Basic	52,802	53,032	52,694	52,928
Diluted	54,002	54,302	53,906	54,181

EXPONENT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
September 27, 2019 and December 28, 2018
(unaudited)
(in thousands)

	September 27, 2019	December 28, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 132,843	\$ 127,059
Short-term investments	77,125	81,495
Accounts receivable, net	128,333	105,814
Prepaid expenses and other assets	13,231	12,244
Total current assets	351,532	326,612
Property, equipment and leasehold improvements, net	57,909	46,103
Operating lease right-of-use asset	23,715	-
Goodwill	8,607	8,607
Other assets	101,319	87,614
	<u>\$ 543,082</u>	<u>\$ 468,936</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 15,117	\$ 12,283
Accrued payroll and employee benefits	69,552	76,855
Deferred revenues	8,900	9,166
Operating lease liability	6,056	-
Total current liabilities	99,625	98,304
Other liabilities	67,601	55,256
Deferred rent	-	1,467
Operating lease liability	18,577	-
Total liabilities	<u>185,803</u>	<u>155,027</u>
Stockholders' equity:		
Common stock	66	66
Additional paid-in capital	242,756	227,283
Accumulated other comprehensive loss	(3,137)	(2,853)
Retained earnings	374,033	342,024
Treasury stock, at cost	(256,439)	(252,611)
Total stockholders' equity	<u>357,279</u>	<u>313,909</u>
	<u>\$ 543,082</u>	<u>\$ 468,936</u>

EXPONENT, INC.
EBITDA and EBITDAS (1)
For the Quarters Ended September 27, 2019 and September 28, 2018
(unaudited)
(in thousands)

	Quarter Ended		Nine Months Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Net Income	\$ 19,633	\$ 17,453	\$ 63,339	\$ 56,218
Add back (subtract):				
Income taxes	5,578	6,536	14,045	15,140
Interest income, net	(915)	(740)	(2,894)	(1,813)
Depreciation and amortization	1,672	1,561	4,904	4,710
EBITDA (1)	<u>25,968</u>	<u>24,810</u>	<u>79,394</u>	<u>74,255</u>
Stock-based compensation	3,844	3,572	13,585	13,605
EBITDAS (1)	<u>\$ 29,812</u>	<u>\$ 28,382</u>	<u>\$ 92,979</u>	<u>\$ 87,860</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.