

The Hackett Group, Inc.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Quarter Ended	
	April 2, 2021	March 27, 2020
Revenue:		
Revenue before reimbursements ("net revenue")	\$ 63,410	\$ 65,186
Reimbursements	76	4,347
<b>TOTAL REVENUE FROM CONTINUING OPERATIONS</b>	<b>63,486</b>	<b>69,533</b>
Costs and expenses:		
Cost of service:		
Personnel costs before reimbursable expenses	39,312	41,113
Non-cash stock compensation expense	1,599	1,341
Acquisition-related compensation expense	11	—
Acquisition-related non-cash stock compensation expense	248	253
Reimbursable expenses	76	4,347
<b>TOTAL COST OF SERVICE</b>	<b>41,246</b>	<b>47,054</b>
Selling, general and administrative costs		
Non-cash stock compensation expense	740	636
Amortization of intangible assets	261	238
<b>TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>13,387</b>	<b>14,771</b>
<b>TOTAL COSTS AND OPERATING EXPENSES</b>	<b>54,633</b>	<b>61,825</b>
<b>INCOME FROM OPERATIONS</b>	<b>8,853</b>	<b>7,708</b>
Other expense:		
Interest expense	(25)	(37)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>8,828</b>	<b>7,671</b>
Income tax expense	2,460	2,136
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>6,368</b>	<b>5,535</b>
Loss from discontinued operations (2)	(7)	(8)
<b>NET INCOME</b>	<b>\$ 6,361</b>	<b>\$ 5,527</b>
Weighted average common shares outstanding:		
Basic	30,207	29,889
Diluted	32,769	32,264
Basic net income per common share:		
Income per common share from continuing operations	\$ 0.21	\$ 0.19
Loss per common share from discontinued operations (2)	(0.00)	(0.00)
<b>Basic net income per common share</b>	<b>\$ 0.21</b>	<b>\$ 0.19</b>
Diluted net income per common share:		
Income per common share from continuing operations	\$ 0.19	\$ 0.17
Loss per common share from discontinued operations (2)	(0.00)	(0.00)
<b>Diluted net income per common share</b>	<b>\$ 0.19</b>	<b>\$ 0.17</b>
PRO FORMA DATA (1):		
Income from continuing operations before income taxes	\$ 8,828	\$ 7,671
Non-cash stock compensation expense	2,339	1,977
Acquisition-related compensation expense	11	—
Acquisition-related non-cash stock compensation expense	248	253
Amortization of intangible assets	261	238
<b>PRO FORMA INCOME BEFORE INCOME TAXES</b>	<b>11,687</b>	<b>10,139</b>
Pro forma income tax expense	2,922	2,535
<b>PRO FORMA NET INCOME</b>	<b>\$ 8,765</b>	<b>\$ 7,604</b>
<b>Pro forma basic net income per common share</b>	<b>\$ 0.29</b>	<b>\$ 0.25</b>
Weighted average common shares outstanding	30,207	29,889
<b>Pro forma diluted net income per common share</b>	<b>\$ 0.27</b>	<b>\$ 0.24</b>
Weighted average common and common equivalent shares outstanding	32,769	32,264

(1) The Company provides pro forma earnings results (which exclude the amortization of intangible assets, non-cash stock compensation expense, acquisition-related one-time expense, and include a normalized tax rate, which is our long-term projected cash tax rate) as a complement to results provided in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP results are provided to enhance the overall users' understanding of the Company's current financial performance and its prospects for the future. The Company believes the non-GAAP results provide useful information to both management and investors and by excluding certain expenses that it believes are not indicative of its core operating results. The non-GAAP measures are included to provide investors and management with an alternative method for assessing operating results in a manner that is focused on the performance of ongoing operations and to provide a more consistent basis for comparison between quarters. Further, these non-GAAP results are one of the primary indicators management uses for planning and forecasting in future periods. In addition, since the Company has historically reported non-GAAP results to the investment community, it believes the continued inclusion of non-GAAP results provides consistency in its financial reporting. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP.

(2) Discontinued operations relate to the discontinuance of the Company's European Working Capital group.

The Hackett Group, Inc.  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(in thousands)*  
*(unaudited)*

	April 2, 2021	January 1, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 51,105	\$ 49,455
Accounts receivable and contract assets, net	38,521	32,778
Prepaid expenses and other current assets	2,733	2,599
Total current assets	92,359	84,832
Property and equipment, net	17,803	18,158
Other assets	1,417	1,680
Goodwill	85,438	85,297
Operating lease right-of-use assets	2,335	2,578
Total assets	<u>\$ 199,352</u>	<u>\$ 192,545</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 4,938	\$ 6,098
Accrued expenses and other liabilities	24,929	25,084
Contract liabilities (deferred revenue)	13,802	8,765
Operating lease liabilities	2,501	2,620
Total current liabilities	46,170	42,567
Long-term deferred tax liability, net	7,013	5,588
Operating lease liabilities	2,988	3,503
Total liabilities	56,171	51,658
Shareholders' equity	143,181	140,887
Total liabilities and shareholders' equity	<u>\$ 199,352</u>	<u>\$ 192,545</u>

## The Hackett Group, Inc.

## SUPPLEMENTAL FINANCIAL DATA

(unaudited)

	Quarter Ended		
	April 2, 2021	January 1, 2021	March 27, 2020
<b>Revenue Breakdown by Group:</b>			
<i>(in thousands)</i>			
S&BT (3)	\$ 25,738	\$ 23,362	\$ 25,593
EEA (4)	32,138	30,102	32,093
International (5)	5,534	5,759	7,500
Net revenue from continuing operations (6)	\$ 63,410	\$ 59,223	\$ 65,186
<b>Revenue Concentration:</b>			
<i>(% of total revenue)</i>			
Top customer	3%	3%	4%
Top 5 customers	13%	13%	15%
Top 10 customers	22%	23%	25%
<b>Key Metrics and Other Financial Data:</b>			
<b>Total Company:</b>			
Consultant headcount	943	928	1,026
Total headcount	1,149	1,133	1,243
Days sales outstanding (DSO)	55	54	70
Cash provided by operating activities (in thousands)	\$ 5,895	\$ 12,906	\$ 6,521
Depreciation (in thousands)	\$ 874	\$ 902	\$ 800
Amortization (in thousands)	\$ 261	\$ 254	\$ 238
<b>Remaining Plan authorization:</b>			
Shares purchased (in thousands)	136	36	73
Cost of shares repurchased (in thousands)	\$ 2,106	\$ 429	\$ 1,006
Average price per share of shares purchased	\$ 15.45	\$ 11.84	\$ 13.79
Remaining Plan authorization (in thousands)	\$ 2,178	\$ 4,284	\$ 5,645
<b>Shares Purchased to Satisfy Employee Net Vesting Obligations:</b>			
Shares purchased (in thousands)	108	4	125
Cost of shares purchased (in thousands)	\$ 1,606	\$ 54	\$ 1,962
Average price per share of shares purchased	\$ 14.85	\$ 13.00	\$ 15.70

(3) Strategy and Business Transformation Group (S&BT) includes the results of our IP as-a-service offerings, which includes our North America Executive Advisory Programs, our Benchmarking Services and our Business Transformation Practices.

(4) ERP, EPM and Analytics Solutions (EEA) includes the results of our North America Oracle EEA, SAP Solutions Practices and One Stream.

(5) International Groups include the results of our S&BT and EEA Practices, primarily in Europe.

(6) Net revenue excludes reimbursable expenses which are primarily travel-related expenses passed through to a client with no associated margin.

(7) Certain reclassifications have been made to conform with current reporting requirements.