

The Hackett Group, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Quarter Ended		Twelve Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Revenue:				
Revenue before reimbursements	\$ 74,820	\$ 77,456	\$ 300,846	\$ 307,028
Reimbursements	931	1,779	4,780	6,827
Total revenue	75,751	79,235	305,626	313,855
Costs and expenses:				
Cost of service:				
Personnel costs before reimbursable expenses (includes \$3,107 and \$14,600 and \$5,324 and \$10,491 of non-cash stock based compensation expense in the three and twelve months ended December 26, 2025 and December 27, 2024, respectively)	43,196	46,209	183,681	183,792
Reimbursable expenses	931	1,779	4,780	6,827
Total cost of service	44,127	47,988	188,461	190,619
Selling, general and administrative costs (includes \$2,240 and \$16,028 and \$4,928 and \$9,033 of non-cash stock based compensation expense in the three and twelve months ended December 26, 2025 and December 27, 2024, respectively)	22,547	23,500	90,519	78,546
Legal settlement and related costs	-	-	-	102
Restructuring costs	-	-	3,112	-
Total costs and operating expenses	66,674	71,488	282,092	269,267
Operating income	9,077	7,747	23,534	44,588
Other expense, net:				
Interest expense, net	(710)	(242)	(1,716)	(1,594)
Income before income taxes	8,367	7,505	21,818	42,994
Income tax expense	2,775	3,941	8,875	13,364
Net income	\$ 5,592	\$ 3,564	\$ 12,943	\$ 29,630
Basic net income per common share:				
Income per common share	\$ 0.21	\$ 0.13	\$ 0.47	\$ 1.08
Weighted average common shares outstanding	26,742	27,556	27,305	27,560
Diluted net income per common share:				
Income per common share	\$ 0.21	\$ 0.12	\$ 0.46	\$ 1.05
Weighted average common and common equivalent shares outstanding	27,145	28,604	27,907	28,091

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

	December 26, 2025	December 27, 2024
ASSETS		
Current assets:		
Cash	\$ 18,197	\$ 16,366
Accounts receivable and contract assets, net	59,505	57,079
Prepaid expenses and other current assets	6,175	2,901
Total current assets	83,877	76,346
Property, software and equipment, net	24,011	20,343
Other assets	358	350
Intangible assets	3,252	2,312
Goodwill	90,659	89,782
Operating lease right-of-use assets	2,484	2,744
Total assets	<u>\$ 204,641</u>	<u>\$ 191,877</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,295	\$ 6,503
Accrued expenses and other liabilities	28,824	30,789
Contract liabilities	12,317	11,118
Income tax payable	74	3,753
Operating lease liabilities	1,259	965
Total current liabilities	48,769	53,128
Long-term deferred tax liability, net	10,731	8,464
Long-term debt	75,818	12,734
Operating lease liabilities	1,223	1,977
Total liabilities	136,541	76,303
Shareholders' equity	68,100	115,574
Total liabilities and shareholders' equity	<u>\$ 204,641</u>	<u>\$ 191,877</u>

The Hackett Group, Inc.
SEGMENT CONTRIBUTIONS
(in thousands)
(unaudited)

	Quarter Ended		Twelve Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Global S&BT (1):				
Revenue before reimbursements	\$ 38,615	\$ 43,207	\$ 167,266	\$ 168,274
Cost of sales	19,651	21,478	86,177	89,275
Gross margin	18,964	21,729	81,089	78,999
Selling, general and administrative costs	7,184	7,041	30,295	27,416
Segment contribution	11,780	14,688	50,794	51,583
Oracle Solutions (2):				
Revenue before reimbursements	\$ 14,003	\$ 17,408	\$ 71,247	\$ 82,472
Cost of sales	11,507	12,635	50,884	55,856
Gross margin	2,496	4,773	20,363	26,616
Selling, general and administrative costs	1,599	1,814	7,967	7,507
Segment contribution	897	2,959	12,396	19,109
SAP Solutions (3):				
Revenue before reimbursements	\$ 22,202	\$ 16,841	\$ 62,333	\$ 56,282
Cost of sales	8,797	6,416	31,832	27,757
Gross margin	13,405	10,425	30,501	28,525
Selling, general and administrative costs	4,823	3,515	10,116	9,782
Segment contribution	8,582	6,910	20,385	18,743
Total Company (4):				
Total segment contribution	21,259	24,557	83,575	89,435
Items not allocated to segment level (4):				
Corporate general and administrative expenses	5,347	5,042	20,542	20,787
Non-cash stock based compensation expense	2,640	3,345	10,915	11,782
Stock price award program compensation expense	1,751	5,142	16,804	5,745
Acquisition-related cash compensation expense	102	349	178	390
Acquisition-related non-cash stock based compensation expense	956	1,765	2,911	1,997
Acquisition-related costs	2	72	399	125
Restructuring costs	-	-	3,112	-
Legal settlement and related costs	-	-	-	102
Depreciation expense	1,073	947	4,184	3,771
Amortization expense	311	148	996	148
Interest expense, net	710	242	1,716	1,594
Income before taxes	\$ 8,367	\$ 7,505	\$ 21,818	\$ 42,994

(1) Global S&BT includes the results of our North America and International Gen AI Consulting, Implementation and Licensing, Benchmarking and Business Transformation offerings, Executive Advisory, Market Intelligence and IP as-a-Service, OneStream and eProcurement.

(2) Oracle Solutions includes the results of our EPM/ERP and AI Enablement practices.

(3) SAP Solutions includes the results of our SAP applications and related SAP service offerings.

(4) Segment contributions consist of the revenue generated by the segment, less the direct costs of revenue and selling, general and administrative expenses that are incurred directly by the segment. Items not allocated to the segment level include corporate costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment. Items not allocated to the segment level include corporate general and administrative expenses, non-cash stock based compensation expense, acquisition related cash and non-cash stock based compensation expense, depreciation and amortization expense, legal settlement and related costs, interest expense and foreign currency gains and losses. Corporate general and administrative expenses primarily include costs related to business support functions including accounting and finance, human resources, legal, information technology and office administration. Corporate general and administrative expenses exclude one-time, non-recurring expenses and benefits.

The Hackett Group, Inc.

RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(in thousands, except per share data)

(unaudited)

	Quarter Ended		Twelve Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
GAAP NET INCOME	\$ 5,592	\$ 3,564	\$ 12,943	\$ 29,630
Adjustments (1):				
Non-cash stock based compensation expense (2)	2,640	3,345	10,915	11,782
Stock price award program compensation expense (2)(3)	1,751	5,142	16,804	5,745
Acquisition-related cash compensation expense (4)	102	349	178	390
Acquisition-related non-cash stock based compensation expense (4)	956	1,765	2,911	1,997
Acquisition-related costs	2	72	399	125
Amortization expense	311	148	996	148
Restructuring	-	-	3,112	-
Legal settlement and related costs	-	-	-	102
ADJUSTED NET INCOME BEFORE INCOME TAXES ON ADJUSTMENTS (1)	11,354	14,385	48,258	49,919
Tax effect of adjustments above (5)	492	819	4,938	2,641
ADJUSTED NET INCOME (1)	\$ 10,862	\$ 13,566	\$ 43,320	\$ 47,278
GAAP diluted net income per common share	\$ 0.21	\$ 0.12	\$ 0.46	\$ 1.05
Adjusted diluted net income per common share (1)	\$ 0.40	\$ 0.47	\$ 1.55	\$ 1.68
Weighted average common and common equivalent shares outstanding	27,145	28,604	27,907	28,091

(1) The Company provides adjusted earnings results (which excludes non-cash stock based compensation expense, stock price award program compensation expense, acquisition-related cash and non-cash stock based compensation expense, amortization expense, acquisition related costs and legal settlement and related costs and includes a GAAP 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 users' overall 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 its ongoing primary operations and to provide a consistent basis for comparison between quarters. Further, these non-GAAP results are one of the primary indicators management uses for planning and forecasting. The presentation of this additional non-GAAP information should be considered in addition to, and not as a substitute for or superior to, any results prepared in accordance with GAAP.

(2) Non-cash stock based compensation expense is accounted for under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation. The Company excludes non-cash stock based compensation expense and the related tax effects for the purposes of adjusted net income and adjusted diluted earnings per share. The Company believes that non-GAAP measures of profitability, which exclude non-cash stock based compensation expense, are widely used by investors.

(3) The stock price award program compensation expense relates to equity awards that were granted with certain market share price hurdles and service conditions to meet before they are vested. The market price hurdles include twenty consecutive trading days of equal to or greater than \$30, \$40 and \$50 per share price. As of December 26, 2025, the first market condition had been met, and although the shares have not vested they are included in the Company's dilutive shares outstanding for the quarter ended December 26, 2025. As of December 26, 2025, the second and third market conditions had not been met and as such the shares have not vested and are not included in the Company's basic or dilutive shares outstanding. Non-cash compensation of \$1.8 million and \$16.8 million was recorded in the fourth quarter and twelve months of 2025, respectively.

(4) The Company incurs cash and non-cash stock based compensation expense for acquisition related consideration that is recognized over time under GAAP. The Company believes excluding these amounts more consistently presents its ongoing results of operations because they are related to acquisitions and not due to normal operating activities. The acquisition-related non-cash stock based compensation expense is also accounted for under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation.

(5) The adjustment for the income tax expense is based on the accounting treatment and income tax rate for the jurisdiction of each item. The impact of all of the non-cash stock based compensation expense was \$0.4 million and \$0.7 million the fourth quarters of 2025 and 2024, respectively, and \$3.8 million and \$2.4 million for the twelve months of 2025 and 2024, respectively. The impact of acquisition related cash compensation expense was \$26 thousand and \$45 thousand in the fourth quarter and twelve months in 2025, respectively. The impact of the acquisition related costs including amortization was \$81 thousand and \$0.4 million in the fourth quarter and twelve month period of 2025, respectively. The impact of the legal settlement and related costs was \$27 thousand in the twelve months in 2024. The impact of the restructuring cost was \$0.8 million in the twelve months in 2025.

The Hackett Group, Inc.
SUPPLEMENTAL FINANCIAL DATA
(unaudited)

	Quarter Ended		
	December 26, 2025	September 26, 2025	December 27, 2024
Segment Total Revenue and Revenue Before Reimbursements (in thousands):			
Global S&BT:			
Total revenue	\$ 39,083	\$ 42,925	\$ 43,877
Reimbursements	468	527	670
Revenue before reimbursements	<u>\$ 38,615</u>	<u>\$ 42,398</u>	<u>\$ 43,207</u>
Oracle Solutions:			
Total revenue	\$ 14,269	\$ 16,504	\$ 18,174
Reimbursements	266	151	766
Revenue before reimbursements	<u>\$ 14,003</u>	<u>\$ 16,353</u>	<u>\$ 17,408</u>
SAP Solutions:			
Total revenue	\$ 22,399	\$ 13,682	\$ 17,184
Reimbursements	197	267	343
Revenue before reimbursements	<u>\$ 22,202</u>	<u>\$ 13,415</u>	<u>\$ 16,841</u>
Total segment revenue:			
Total revenue	\$ 75,751	\$ 73,111	\$ 79,235
Reimbursements	931	945	1,779
Revenue before reimbursements	<u>\$ 74,820</u>	<u>\$ 72,166</u>	<u>\$ 77,456</u>
Revenue Concentration:			
<i>(% of total revenue)</i>			
Top customer	3%	5%	8%
Top 5 customers	13%	17%	21%
Top 10 customers	23%	26%	29%
Key Metrics and Other Financial Data:			
Total Company:			
Consultant headcount	1,301	1,317	1,284
Total headcount	1,588	1,599	1,553
Days sales outstanding (DSO)	71	71	66
Cash provided by operating activities (in thousands)	\$ 19,066	\$ 11,395	\$ 20,640
Depreciation (in thousands)	\$ 1,073	\$ 1,052	\$ 947
Amortization (in thousands)	\$ 311	\$ 311	\$ 148
Capital expenditures (in thousands)	\$ 2,008	\$ 2,405	\$ 1,018
Remaining Plan authorization:			
Shares purchased (in thousands) (1)	2,032	839	117
Cost of shares repurchased (in thousands) (1)	\$ 41,223	\$ 17,405	\$ 3,630
Average price per share of shares purchased (1)	\$ 20.29	\$ 20.73	\$ 30.95
Remaining Plan authorization (in thousands) (2)	\$ 11,368	\$ 12,590	\$ 27,516
Shares Purchased to Satisfy Employee Net Vesting Obligations:			
Shares purchased (in thousands)	37	268	-
Cost of shares purchased (in thousands)	\$ 762	\$ 5,514	\$ -
Average price per share of shares purchased	<u>\$ 20.67</u>	<u>\$ 20.61</u>	<u>\$ -</u>

(1) Includes the shares repurchased through the Tender Offer transaction in December 2025 from which the Company acquired 2.0 million shares at \$20.29 per share, or \$41.2 million, inclusive of transaction related fees.

(2) The Company's Board of Directors approved an additional \$40.0 million to its share repurchase plan in the fourth quarter of 2025.