

The Hackett Group, Inc.

**CONSOLIDATED STATEMENTS OF OPERATIONS**

*(in thousands, except per share data)*

*(unaudited)*

	Quarter Ended	
	March 27, 2026	March 28, 2025
Revenue:		
Revenue before reimbursements	\$ 67,843	\$ 76,231
Reimbursements	954	1,634
Total revenue	<u>68,797</u>	<u>77,865</u>
Costs and expenses:		
Cost of service:		
Personnel costs before reimbursable expenses (includes \$589 and \$4,928 of non-cash stock based compensation reversal and expense in the three months ended March 27, 2026 and March 28, 2025, respectively)	38,505	48,380
Reimbursable expenses	954	1,634
Total cost of service	<u>39,459</u>	<u>50,014</u>
Selling, general and administrative costs (includes \$2,068 and \$4,744 of non-cash stock based compensation expense in the three months ended March 27, 2026 and March 28, 2025, respectively)	18,446	23,448
Restructuring costs	1,956	-
Total costs and operating expenses	<u>59,861</u>	<u>73,462</u>
Operating income	8,936	4,403
Other expense, net:		
Interest expense, net	<u>(1,008)</u>	<u>(202)</u>
Income before income taxes	7,928	4,201
Income tax expense	3,647	1,058
Net income	<u>\$ 4,281</u>	<u>\$ 3,143</u>
Basic net income per common share:		
Income per common share	\$ 0.17	\$ 0.11
Weighted average common shares outstanding	25,166	27,587
Diluted net income per common share:		
Income per common share	\$ 0.17	\$ 0.11
Weighted average common and common equivalent shares outstanding	25,258	28,385

The Hackett Group, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

(unaudited)

	March 27, 2026	December 27, 2025
<b>ASSETS</b>		
Current assets:		
Cash	\$ 6,068	\$ 18,197
Accounts receivable and contract assets, net	70,284	59,505
Prepaid expenses and other current assets	5,316	6,175
Total current assets	81,668	83,877
Property, software and equipment, net	25,163	24,011
Other assets	356	358
Intangible assets	2,869	3,252
Goodwill	90,187	90,659
Operating lease right-of-use assets	2,151	2,484
Deferred tax asset	1,996	1,806
Total assets	<u>\$ 204,390</u>	<u>\$ 206,447</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 4,749	\$ 6,295
Accrued expenses and other liabilities	24,340	28,824
Contract liabilities	13,216	12,317
Income tax payable	-	74
Operating lease liabilities	1,168	1,259
Total current liabilities	43,473	48,769
Deferred tax liability	14,966	12,537
Long-term debt	78,836	75,818
Operating lease liabilities	1,103	1,223
Total liabilities	138,378	138,347
Shareholders' equity	66,012	68,100
Total liabilities and shareholders' equity	<u>\$ 204,390</u>	<u>\$ 206,447</u>

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

	Quarter Ended	
	March 27, 2026	March 28, 2025
<b>Global S&amp;BT (1):</b>		
Revenue before reimbursements	\$ 36,370	\$ 42,642
Cost of sales	20,097	22,325
Gross margin	16,273	20,317
Selling, general and administrative costs	7,200	7,531
Segment contribution	9,073	12,786
<b>Oracle Solutions (2):</b>		
Revenue before reimbursements	\$ 15,448	\$ 20,396
Cost of sales	10,598	13,695
Gross margin	4,850	6,701
Selling, general and administrative costs	1,287	2,334
Segment contribution	3,563	4,367
<b>SAP Solutions (3):</b>		
Revenue before reimbursements	\$ 16,025	\$ 13,193
Cost of sales	8,852	7,139
Gross margin	7,173	6,054
Selling, general and administrative costs	2,210	1,804
Segment contribution	4,963	4,250
<b>Total Company (4):</b>		
Total segment contribution	17,599	21,403
<b>Items not allocated to segment level (4):</b>		
Corporate general and administrative expenses	3,812	5,656
Non-cash stock based compensation expense	2,396	2,765
Stock price award program compensation expense	1,096	5,142
Acquisition-related cash compensation (reversal) expense	(64)	308
Acquisition-related non-cash stock based compensation (reversal) expense	(2,013)	1,765
Acquisition-related costs	-	194
Restructuring costs	1,956	-
Depreciation expense	1,165	1,025
Amortization expense	315	145
Interest expense, net	1,008	202
<b>Income before taxes</b>	<b>\$ 7,928</b>	<b>\$ 4,201</b>

(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, any one-time 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	
	March 27, 2026	March 28, 2025
GAAP NET INCOME	\$ 4,281	\$ 3,143
Adjustments (1):		
Non-cash stock based compensation expense (2)	2,396	2,765
Stock price award program compensation expense (2)(3)	1,096	5,142
Acquisition-related cash compensation (reversal) expense (4)	(64)	308
Acquisition-related non-cash stock based compensation (reversal) expense (4)	(2,013)	1,765
Acquisition-related costs	-	194
Amortization expense	315	145
Restructuring costs	1,956	-
ADJUSTED NET INCOME BEFORE INCOME TAXES ON ADJUSTMENTS (1)	7,967	13,462
Tax effect of adjustments above (5)	(685)	1,856
ADJUSTED NET INCOME (1)	\$ 8,652	\$ 11,606
GAAP diluted net income per common share	\$ 0.17	\$ 0.11
Adjusted diluted net income per common share (1)	\$ 0.34	\$ 0.41
Weighted average common and common equivalent shares outstanding	25,258	28,385

(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 any one-time 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 March 27, 2026, 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 March 27, 2026. As of March 27, 2026, 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 \$1.1 million was recorded in the first quarter of 2026.

(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 \$404 thousand and \$1.7 million in the first quarter of 2026 and 2025, respectively. The impact of acquisition related cash compensation expense was \$16 thousand and \$78 thousand in the first quarter of 2026 and 2025, respectively. The impact of the acquisition related costs including amortization was \$82 thousand and \$50 thousand in the first quarter of 2026 and 2025, respectively. The impact of the restructuring cost was \$0.5 million in the first quarter of 2026.

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

	Quarter Ended		
	March 27, 2026	December 26, 2025	March 28, 2025
<b>Segment Total Revenue and Revenue Before Reimbursements (in thousands):</b>			
<b>Global S&amp;BT:</b>			
Total revenue	\$ 36,775	\$ 39,083	\$ 43,357
Reimbursements	405	468	715
Revenue before reimbursements	<u>\$ 36,370</u>	<u>\$ 38,615</u>	<u>\$ 42,642</u>
<b>Oracle Solutions:</b>			
Total revenue	\$ 15,685	\$ 14,269	\$ 21,085
Reimbursements	237	266	689
Revenue before reimbursements	<u>\$ 15,448</u>	<u>\$ 14,003</u>	<u>\$ 20,396</u>
<b>SAP Solutions:</b>			
Total revenue	\$ 16,337	\$ 22,399	\$ 13,423
Reimbursements	312	197	230
Revenue before reimbursements	<u>\$ 16,025</u>	<u>\$ 22,202</u>	<u>\$ 13,193</u>
<b>Total segment revenue:</b>			
Total revenue	\$ 68,797	\$ 75,751	\$ 77,865
Reimbursements	954	931	1,634
Revenue before reimbursements	<u>\$ 67,843</u>	<u>\$ 74,820</u>	<u>\$ 76,231</u>
<b>Revenue Concentration:</b>			
<i>(% of total revenue)</i>			
Top customer	4%	3%	9%
Top 5 customers	13%	13%	22%
Top 10 customers	22%	23%	29%
<b>Key Metrics and Other Financial Data:</b>			
<b>Total Company:</b>			
Consultant headcount	1,247	1,301	1,332
Total headcount	1,535	1,588	1,618
Days sales outstanding (DSO) (1)	67	55	55
Cash (used by) provided by operating activities (in thousands)	\$ (5,067)	\$ 19,066	\$ 4,195
Depreciation (in thousands)	\$ 1,165	\$ 1,073	\$ 1,025
Amortization (in thousands)	\$ 315	\$ 311	\$ 145
Capital expenditures (in thousands)	\$ 2,414	\$ 2,008	\$ 1,544
<b>Remaining Plan authorization:</b>			
Shares purchased (in thousands)	212	2,032	206
Cost of shares repurchased (in thousands)	\$ 2,966	\$ 41,223	\$ 6,202
Average price per share of shares purchased	\$ 14.00	\$ 20.29	\$ 30.16
Remaining Plan authorization (in thousands) (2)	\$ 22,034	\$ 11,368	\$ 21,315
<b>Shares Purchased to Satisfy Employee Net Vesting Obligations:</b>			
Shares purchased (in thousands)	121	37	173
Cost of shares purchased (in thousands)	\$ 1,666	\$ 762	\$ 5,514
Average price per share of shares purchased	\$ 13.84	\$ 20.67	\$ 31.84

(1) Given the increase in Value Added Reseller (VAR) revenue over the last two years, which carries multi-year terms, the DSO calculation has been revised to exclude the related revenue and accounts receivables.

(2) The Company's Board of Directors approved an additional \$13.6 million to its share repurchase plan in the first quarter of 2026.