

REFINITIV

## DELTA REPORT

### 10-Q

EXPO - EXPONENT INC

10-Q - SEPTEMBER 27, 2024 COMPARED TO 10-Q - JUNE 28, 2024

The following comparison report has been automatically generated

**TOTAL DELTAS** 668

█ **CHANGES** 275

█ **DELETIONS** 194

█ **ADDITIONS** 199

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 28, September 27, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **0-18655**

**EXPONENT, INC.**

(Exact name of registrant as specified in its charter)

DELAWARE

**77-0218904**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

149 COMMONWEALTH DRIVE,  
MENLO PARK, CALIFORNIA

**94025**

(Address of principal executive office)

(Zip Code)

**(650) 326-9400**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	EXPO	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Non-accelerated filer	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		any <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of **July 26, 2024** **October 25, 2024**, the latest practicable date, the registrant had **50,730,675** **50,764,457** shares of common stock outstanding.

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**EXONENT, INC.**  
**FORM 10-Q**

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

EXONENT, INC.

**Condensed Consolidated Balance Sheets**  
**June 28, September 27, 2024 and December 29, 2023**  
 (in thousands, except par value)  
 (unaudited)

#### Assets

##### Current assets:

Cash and cash equivalents

June 28, 2024 (Unaudited)	December 29, 2023	September 27, 2024	December 29, 2023
\$ 203,262	\$ 187,150	\$ 219,708	\$ 187,150

Accounts receivable, net of allowance for contract losses and doubtful accounts of \$6,161 and \$5,281 at June 28, 2024 and December 29, 2023, respectively	165,870	167,360		
Accounts receivable, net of allowance for contract losses and doubtful accounts of \$6,481 and \$5,281 at September 27, 2024 and December 29, 2023, respectively	168,618	167,360		
Prepaid expenses and other current assets	22,195	25,022	24,255	25,022
Total current assets	391,327	379,532	412,581	379,532
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$108,647 and \$104,011 at June 28, 2024 and December 29, 2023, respectively	73,025	75,318		
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$110,828 and \$104,011 at September 27, 2024 and December 29, 2023, respectively	72,862	75,318		
Operating lease right-of-use assets	71,556	24,600	75,797	24,600
Goodwill	8,607	8,607	8,607	8,607
Deferred income taxes	51,560	53,824	54,345	53,824
Deferred compensation plan assets	106,295	101,169	113,225	101,169
Other assets	6,807	3,727	6,648	3,727
Total assets	\$ 709,177	\$ 646,777	\$ 744,065	\$ 646,777
<b>Liabilities and Stockholders' Equity</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 22,418	\$ 22,125	\$ 22,646	\$ 22,125
Accrued payroll and employee benefits	90,728	111,773	96,738	111,773
Deferred revenues	13,775	21,709	13,414	21,709
Operating lease liabilities	4,903	6,302	4,940	6,302
Total current liabilities	131,824	161,909	137,738	161,909
Other liabilities	5,159	3,426	4,604	3,426
Deferred compensation plan liabilities	108,588	103,398	115,527	103,398
Operating lease liabilities	70,393	21,959	75,922	21,959
Total liabilities	315,964	290,692	333,791	290,692
Stockholders' equity:				
Common stock, \$0.001 par value; 120,000 shares authorized; 65,707 shares issued at June 28, 2024 and December 29, 2023	66	66		
Common stock, \$0.001 par value; 120,000 shares authorized; 65,707 shares issued at September 27, 2024 and December 29, 2023	66	66		
Additional paid-in capital	338,734	321,448	342,301	321,448
Accumulated other comprehensive loss				
Foreign currency translation adjustments	(3,173)	(2,977)	(1,606)	(2,977)
Retained earnings	603,373	574,082	614,991	574,082
Treasury stock, at cost; 14,976 and 15,134 shares held at June 28, 2024 and December 29, 2023, respectively	(545,787)	(536,534)		
Treasury stock, at cost; 14,942 and 15,134 shares held at September 27, 2024 and December 29, 2023, respectively	(545,478)	(536,534)		
Total stockholders' equity	393,213	356,085	410,274	356,085
Total liabilities and stockholders' equity	\$ 709,177	\$ 646,777	\$ 744,065	\$ 646,777

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**EXPONENT, INC.**

**Condensed Consolidated Statements of Income**

**For the Three and Six Months Ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023**

(in thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
<b>Revenues:</b>								
Revenues before reimbursements	\$ 132,434	\$ 129,653	\$ 269,641	\$ 258,358	\$ 125,085	\$ 124,959	\$ 394,726	\$ 383,317
Reimbursements	8,102	10,568	15,828	22,172	11,194	8,377	27,022	30,549
Revenues	<b>140,536</b>	<b>140,221</b>	<b>285,469</b>	<b>280,530</b>	<b>136,279</b>	<b>133,336</b>	<b>421,748</b>	<b>413,866</b>
<b>Operating expenses:</b>								
Compensation and related expenses	79,466	82,836	169,793	167,017	81,954	74,011	251,747	241,028
Other operating expenses	11,185	10,305	21,716	19,866	11,975	10,997	33,691	30,863
Reimbursable expenses	8,102	10,568	15,828	22,172	11,194	8,377	27,022	30,549
General and administrative expenses	6,039	6,637	11,675	12,480	5,309	6,018	16,984	18,498
Total operating expenses	<b>104,792</b>	<b>110,346</b>	<b>219,012</b>	<b>221,535</b>	<b>110,432</b>	<b>99,403</b>	<b>329,444</b>	<b>320,938</b>
Operating income	<b>35,744</b>	<b>29,875</b>	<b>66,457</b>	<b>58,995</b>	<b>25,847</b>	<b>33,933</b>	<b>92,304</b>	<b>92,928</b>
<b>Other income, net:</b>								
Interest income, net	2,231	1,593	4,857	3,363	2,559	1,858	7,416	5,221
Miscellaneous income (expense), net	1,707	4,785	8,791	9,433	7,531	(1,774)	16,322	7,659
Total other income, net	<b>3,938</b>	<b>6,378</b>	<b>13,648</b>	<b>12,796</b>	<b>10,090</b>	<b>84</b>	<b>23,738</b>	<b>12,880</b>
Income before income taxes	<b>39,682</b>	<b>36,253</b>	<b>80,105</b>	<b>71,791</b>	<b>35,937</b>	<b>34,017</b>	<b>116,042</b>	<b>105,808</b>
Income taxes	<b>10,455</b>	<b>10,505</b>	<b>20,736</b>	<b>16,919</b>	<b>9,893</b>	<b>9,479</b>	<b>30,629</b>	<b>26,398</b>
Net income	<b>\$ 29,227</b>	<b>\$ 25,748</b>	<b>\$ 59,369</b>	<b>\$ 54,872</b>	<b>\$ 26,044</b>	<b>\$ 24,538</b>	<b>\$ 85,413</b>	<b>\$ 79,410</b>
<b>Net income per share:</b>								
Basic	\$ 0.57	\$ 0.50	\$ 1.16	\$ 1.07	\$ 0.51	\$ 0.48	\$ 1.67	\$ 1.55
Diluted	\$ 0.57	\$ 0.50	\$ 1.15	\$ 1.06	\$ 0.50	\$ 0.48	\$ 1.66	\$ 1.54
<b>Shares used in per share computations:</b>								
Basic	51,111	51,255	51,059	51,193	51,177	51,203	51,098	51,197
Diluted	51,517	51,692	51,475	51,694	51,622	51,645	51,527	51,680
Cash dividends declared per common share	\$ 0.28	\$ 0.26	\$ 0.56	\$ 0.52	\$ 0.28	\$ 0.26	\$ 0.84	\$ 0.78

The accompanying notes are an integral part of these Unaudited Condensed Financial **Statements**.

Condensed Consolidated Statements of Comprehensive Income

For the Three and Six Nine Months Ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**

(in thousands)

(unaudited)

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
	\$ 29,227	\$ 25,748	\$ 59,369	\$ 54,872	\$ 26,044	\$ 24,538	\$ 85,413	\$ 79,410
Net income								
Other comprehensive income (loss):								
Foreign currency translation								
adjustments, net of tax	14	(133)	(196)	327	1,567	(515)	1,371	(188)
Comprehensive income	\$ 29,241	\$ 25,615	\$ 59,173	\$ 55,199	\$ 27,611	\$ 24,023	\$ 86,784	\$ 79,222

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial **Statements** **Statements**.

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EXONENT, INC

Condensed Consolidated Statements of Stockholders' Equity

For the Three and Six Nine Months Ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**

(in thousands)

(unaudited)

	Three and Six Months Ended June 28, 2024									Three and Nine Months Ended September 27, 2024								
	Accumulated									Accumulated								
	Common Stock		Additional	paid-in	comprehensive	Retained	Treasury Stock			Common Stock		Additional	paid-in	comprehensive	Retained	Tre		
	Shares	Amount	capital	loss	earnings		Shares	Amount	Total	Shares	Amount	capital	loss	earnings		Shares		
Balance at December 29, 2023	65,707	\$ 66	\$ 321,448	\$ (2,977)	\$ 574,082	15,134	\$ (536,534)	\$ 356,085	65,707	\$ 66	\$ 321,448	\$ (2,977)	\$ 574,082	15,134	\$ 356,085	65,707	\$ 66	\$ 321,448
Employee stock purchase plan	-	-	450	-	-	(7)	68	\$ 518	-	-	-	-	842	-	-	-	(1,356)	714
Amortization of unrecognized stock-based compensation	-	-	4,026	-	-	-	-	\$ 4,026	-	-	-	-	6,521	-	-	-	-	7,047
Purchase of treasury shares	-	-	-	-	-	71	(5,466)	\$ (5,466)	-	-	-	-	-	-	-	-	-	71

Foreign currency translation adjustments	-	-	-	(210)	-	-	\$ (210)	-	-	-	(196)	-
Grant of restricted stock units to settle accrued bonus	-	-	10,846	-	-	-	\$ 10,846	-	-	10,846	-	-
Settlement of restricted stock units	-	-	(1,797)	-	(720)	(159)	(4,279)	\$ (6,796)	-	-	(1,875)	-
Exercise of stock options	-	-	41	-	-	(6)	59	\$ 100	-	952	-	(5)
Dividends and dividend equivalent rights	-	-	-	-	(14,934)	-	-	\$ (14,934)	-	-	-	(29,358)
Net income	-	-	-	30,142	-	-	30,142	-	-	-	-	59,369
Balance at March 29, 2024	65,707	\$ 66	\$ 335,014	\$ (3,187)	\$ 588,570	15,033	\$ (546,152)	\$ 374,311	-	-	-	-
Balance at June 28, 2024	65,707	\$ 66	\$ 338,734	\$ (3,173)	\$ 603,373	14,976	\$ (545,787)	\$ 393,213	-	-	-	-
Employee stock purchase plan	-	-	392	-	-	(5)	48	440	-	-	413	-
Amortization of unrecognized stock-based compensation	-	-	2,495	-	-	-	2,495	-	-	2,623	-	-
Purchase of treasury shares	-	-	-	-	-	3	(244)	(244)	-	-	-	-
Foreign currency translation adjustments	-	-	-	14	-	-	14	-	-	-	1,567	-
Settlement of restricted stock units	-	-	(78)	-	-	(7)	78	-	-	(13)	-	(0)
Exercise of stock options	-	-	911	-	-	(48)	483	1,394	-	544	-	(2)
Dividends and dividend equivalent rights	-	-	-	(14,424)	-	-	(14,424)	-	-	-	-	(14,426)
Net income	-	-	-	29,227	-	-	29,227	-	-	-	-	26,044

Balance at									
June 28,									
2024	65,707	\$ 66	\$ 338,734	\$ (3,173)	\$ 603,373	14,976	\$ (545,787)	\$ 393,213	
Balance at									
September									
27, 2024	65,707	\$ 66	\$ 342,301	\$ (1,606)	\$ 614,991	14,942	\$ (545,478)	\$ 410,274	

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

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### EXPONENT, INC

#### Condensed Consolidated Statements of Stockholders' Equity

For the Three and Six Nine Months Ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**

(in thousands)

(unaudited)

	Three and Six Months Ended June 30, 2023							Three and Nine Months Ended September 29, 2023													
	Common Stock		Additional paid-in capital		Accumulated other comprehensive income (loss)			Retained earnings		Treasury Stock		Common Stock		Additional paid-in capital		Accumulated other comprehensive income (loss)			Retained earnings		Tre
	Shares	Amount								Shares	Amount										
Balance at																					
December																					
30, 2022	65,707	\$ 66	\$ 301,002	\$ (3,587)	\$ 528,810	15,064	\$ (505,539)	\$ 320,752		65,707	\$ 66	\$ 301,002	\$ (3,587)	\$ 528,810	15,064						
Employee stock purchase plan	-	-	517	-	-	(6)	63	580	-	-	-	1,015	-	-	-	-	-	-	-	(1)	
Amortization of unrecognized stock-based compensation	-	-	4,205	-	-	-	-	4,205	-	-	-	6,627	-	-	-	-	-	-	-	-	
Foreign currency translation adjustments	-	-	-	460	-	-	-	460	-	-	-	327	-	-	-	-	-	-	-	-	
Grant of restricted stock units to settle accrued bonus	-	-	10,497	-	-	-	-	10,497	-	-	-	10,497	-	-	-	-	-	-	-	-	

Settlement of restricted stock units	-	-	(1,741)	-	(1,009)	(178)	(7,170)	(9,920)	-	-	(1,817)	-	(1,009)	(18)
Exercise of stock options	-	-	22		(8)	78	100			22				(0)
Dividends and dividend equivalent rights	-	-	-	-	(13,942)	-	-	(13,942)	-	-	-	-	-	(27,319)
Net income	-	-	-	-	29,124	-	-	29,124	-	-	-	-	-	54,872
Balance at March 31, 2023	<u>65,707</u>	<u>66</u>	<u>314,502</u>	<u>(3,127)</u>	<u>542,983</u>	<u>14,872</u>	<u>(512,568)</u>	<u>341,856</u>						
Balance at June 30, 2023	<u>65,707</u>	<u>\$ 66</u>	<u>\$ 317,346</u>	<u>\$ (3,260)</u>	<u>\$ 555,354</u>	<u>14,858</u>	<u>\$ (512,427)</u>	<u>\$ 357,079</u>						
Employee stock purchase plan	-	-	498	-	-	(6)	65	563	-	-	498	-	-	(0)
Amortization of unrecognized stock-based compensation	-	-	2,422	-	-	-	-	2,422	-	-	2,308	-	-	-
Purchase of treasury stock	-	-	-	-	-	189	(16,970)	(16,970)						
Foreign currency translation adjustments	-	-	-	(133)	-	-	-	(133)	-	-	-	(515)	-	-
Settlement of restricted stock units	-	-	(76)	-	-	(8)	76	-						
Dividends and dividend equivalent rights	-	-	-	-	(13,377)	-	-	(13,377)	-	-	-	-	-	(13,374)
Net income	-	-	-	-	25,748	-	-	25,748	-	-	-	-	-	24,538
Balance at June 30, 2023	<u>65,707</u>	<u>66</u>	<u>317,346</u>	<u>(3,260)</u>	<u>555,354</u>	<u>14,858</u>	<u>(512,427)</u>	<u>357,079</u>						
Balance at September 29, 2023	<u>65,707</u>	<u>\$ 66</u>	<u>\$ 320,152</u>	<u>\$ (3,775)</u>	<u>\$ 566,518</u>	<u>15,040</u>	<u>\$ (529,326)</u>	<u>\$ 353,635</u>						

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

EXPONENT, INC.

Condensed Consolidated Statements of Cash Flows

For the **Six** Nine Months Ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**

(in thousands)  
(unaudited)

	Six Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023
<b>Cash flows from operating activities:</b>				
Net income	\$ 59,369	\$ 54,872	\$ 85,413	\$ 79,410
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of property, equipment and leasehold improvements	4,810	4,174	7,199	6,535
Provision for contract losses and doubtful accounts	2,359	1,286	3,140	1,911
Stock-based compensation	12,917	12,286	18,382	17,177
Deferred income tax provision	2,264	1,697	(521)	(539)
Changes in operating assets and liabilities:				
Accounts receivable	(869)	(7,002)	(4,398)	(13,551)
Prepaid expenses and other current assets	1,769	(21)	257	(5,886)
Change in operating leases	79	(657)	1,404	(451)
Accounts payable and accrued liabilities	2,555	(9,116)	1,502	(7,094)
Accrued payroll and employee benefits	(18,548)	(16,186)	(15,598)	(13,124)
Deferred revenues	(7,934)	(7,491)	(8,295)	(8,345)
Net cash provided by operating activities	<u>58,771</u>	<u>33,842</u>	<u>88,485</u>	<u>56,043</u>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(2,628)	(11,116)	(4,342)	(14,422)
Net cash used in investing activities	<u>(2,628)</u>	<u>(11,116)</u>	<u>(4,342)</u>	<u>(14,422)</u>
<b>Cash flows from financing activities:</b>				
Payroll taxes for restricted stock units	(6,796)	(9,920)	(6,830)	(9,920)
Repurchase of common stock	(5,710)	-	(5,709)	(16,970)
Exercise of stock-based payment awards	2,453	1,243	3,739	1,812
Dividends and dividend equivalents rights	(29,776)	(27,717)	(43,988)	(40,894)
Net cash used in financing activities	<u>(39,829)</u>	<u>(36,394)</u>	<u>(52,788)</u>	<u>(65,972)</u>
Effect of foreign currency exchange rates on cash and cash equivalents	(202)	384	1,203	(8)
Net change in cash and cash equivalents	<u>16,112</u>	<u>(13,284)</u>	<u>32,558</u>	<u>(24,359)</u>
Cash and cash equivalents at beginning of period	187,150	161,458	187,150	161,458
Cash and cash equivalents at end of period	<u>\$ 203,262</u>	<u>\$ 148,174</u>	<u>\$ 219,708</u>	<u>\$ 137,099</u>

The accompanying notes are an integral part of these Unaudited Condensed Financial Statements.

**EXPONENT, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1: Basis of Presentation**

Exponent, Inc. (referred to as the "Company" or "Exponent") is an engineering and scientific consulting firm that provides solutions to complex problems. The Company operates on a 52-53 week fiscal year ending on the Friday closest to the last day of December.

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission. Accordingly, they do not contain all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments which are necessary for the fair presentation of the condensed consolidated financial statements have been included and all such adjustments are of a normal and recurring nature. The operating results for the three and **six** nine months ended **June 28, 2024** **September 27, 2024** are not necessarily representative of the results of future quarterly or annual periods. The following information should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2023, which was filed with the U.S. Securities and Exchange Commission on February 23, 2024 and amended on April 17, 2024.

The unaudited condensed consolidated financial statements include the accounts of Exponent **Inc.** and its subsidiaries, which are all wholly owned. All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items subject to such estimates and assumptions include accounting for revenue recognition and estimating the allowance for contract losses and doubtful accounts. Actual results could differ from those estimates.

**Note 2: Revenue Recognition**

Substantially all of the Company's engagements are performed under time and materials or fixed-price arrangements. For time and materials contracts, the Company utilizes the practical expedient under Accounting Standards Codification 606 – *Revenue from Contracts with Customers*, which states that if an entity has a right to consideration from a customer in an amount that corresponds directly with the value of the entity's performance completed to date (for example, a service contract in which an entity bills a fixed amount for each hour of service provided) then the entity may recognize revenue in the amount to which the entity has a right to invoice.

The following table discloses the percentage of the Company's revenue generated from time and materials contracts:

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
	62%	64%	64%	64%	63%	61%	63%	63%
Engineering & Other Scientific								
Environmental and Health	15%	15%	16%	15%	15%	15%	16%	15%
Total time and materials revenues	77%	79%	80%	79%	78%	76%	79%	78%

For fixed-price contracts, the Company recognizes revenue over time because of the continuous transfer of control to the customer. The customer typically controls the work in process as evidenced either by contractual termination clauses or by the Company's rights to payment for work performed to date to deliver services that do not have an alternative use to the Company. Revenue for fixed-price contracts is recognized based on the relationship of incurred labor hours at standard rates to the Company's estimate of the total labor hours at standard rates it expects to

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incur over the term of the contract. The Company believes this methodology achieves a reliable measure of the revenue from the consulting services it provides to its customers under fixed-price contracts given the nature of the consulting services the Company provides.

The following table discloses the percentage of the Company's revenue generated from fixed price contracts:

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
	22%	19%	19%	19%	21%	23%	20%	20%
Engineering & Other Scientific								
Environmental and Health								
Total fixed price revenues	23%	21%	20%	21%	22%	24%	21%	22%

Deferred revenues represent amounts billed to clients in advance of services provided. During the **second** third quarter of 2024, \$4,677,000 3,666,000 of revenues were recognized that were included in the deferred revenue balance at **March 29, 2024** **June 28, 2024**. During the first **six** nine months of 2024, \$11,296,000 12,974,000 of revenues were recognized that were included in the deferred revenue balance at December 29, 2023.

Reimbursements, including those related to travel and other out-of-pocket expenses, and other similar third- party costs such as the cost of materials and certain subcontracts, are included in revenues, and an equivalent amount of reimbursable expenses are included in operating expenses. Any mark-up on reimbursable expenses is included in revenues before reimbursements. The Company reports revenues net of subcontractor fees for certain subcontracts where the Company has determined that it is acting as an agent because its performance obligation is to arrange for the provision of goods or services by another party. The total amount of subcontractor fees not included in revenues because the Company was acting as an agent were \$3,787,000 2,689,000 and \$2,598,000 2,379,000 during the **second** **third** quarter of 2024 and 2023, respectively, and \$6,533,000 9,222,000 and \$8,349,000 10,727,000 during the first **six** nine months of 2024 and 2023, respectively.

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### Note 3: Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including money market securities, trading fixed income and equity securities held in its deferred compensation plan and the liability associated with its deferred compensation plan. There were no transfers between fair value measurement levels during the three and **six** nine months ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**. Any transfers between fair value measurement levels would be recorded on the actual date of the event or change in circumstances that caused the transfer. The fair value of these certain financial assets and liabilities was determined using the following inputs at **June 28, 2024** **September 27, 2024**:

(In thousands)	Fair Value Measurements at Reporting Date Using						Fair Value Measurements at Reporting Date Using					
	Quoted Prices						Quoted Prices					
	in			in			Active			Significant		
	Active Markets			Significant Other			for Identical			Other		
	for Identical Assets			Observable Inputs			Assets			Significant		
	Inputs			Inputs			Inputs			Unobservable Inputs		
	Total	(Level 1)	(Level 2)	Total	(Level 1)	(Level 2)	Total	(Level 1)	(Level 2)	Total	(Level 1)	(Level 2)
<b>Assets</b>												
Money market securities <sup>(1)</sup>	\$ 56,131	\$ 56,131	\$ 56,131	-	\$ -	-	\$ 56,869	\$ 56,869	\$ 56,869	-	\$ -	-
Fixed income trading securities held in deferred compensation plan <sup>(2)</sup>	38,152	38,152	38,152	-	-	-	38,935	38,935	38,935	-	-	-
Equity trading securities held in deferred compensation plan <sup>(2)</sup>	80,644	80,644	80,644	-	-	-	87,859	87,859	87,859	-	-	-
<b>Total</b>	<b>\$ 174,927</b>	<b>\$ 174,927</b>	<b>\$ 174,927</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 183,663</b>	<b>\$ 183,663</b>	<b>\$ 183,663</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
<b>Liabilities</b>												
Deferred compensation plan <sup>(3)</sup>	120,123	120,123	120,123	-	-	-	127,722	127,722	127,722	-	-	-
<b>Total</b>	<b>\$ 120,123</b>	<b>\$ 120,123</b>	<b>\$ 120,123</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 127,722</b>	<b>\$ 127,722</b>	<b>\$ 127,722</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>

- (1) Included in cash and cash equivalents on the Company's unaudited condensed consolidated balance sheet.  
 (2) Included in prepaid expenses and other current assets and deferred compensation plan assets on the Company's unaudited condensed consolidated balance sheet.  
 (3) Included in accrued payroll and employee benefits and deferred compensation plan liabilities on the Company's unaudited condensed consolidated balance sheet.

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The fair value of these certain financial assets and liabilities was determined using the following inputs at December 29, 2023:

(In thousands)	Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets				Quoted Prices in Active Markets for Identical Assets			
	Significant Other Observable	Significant Unobservable	Significant Other Observable	Significant Unobservable	Total	(Level 1)	Total	(Level 1)
					Total	(Level 1)	Total	(Level 1)
<b>Assets</b>								
Money market securities (1)	\$ 54,686	\$ 54,686	\$ -	\$ -	\$ 54,686	\$ 54,686	\$ -	\$ -
Fixed income trading securities held in deferred compensation plan (2)	36,788	36,788	-	-	36,788	36,788	-	-
Equity trading securities held in deferred compensation plan (2)	78,399	78,399	-	-	78,399	78,399	-	-
Total	<u>\$ 169,873</u>	<u>\$ 169,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,873</u>	<u>\$ 169,873</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>								
Deferred compensation plan (3)	116,564	116,564	-	-	116,564	116,564	-	-
Total	<u>\$ 116,564</u>	<u>\$ 116,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,564</u>	<u>\$ 116,564</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Included in cash and cash equivalents on the Company's unaudited condensed consolidated balance sheet.

(2) Included in prepaid expenses and other current assets and deferred compensation plan assets on the Company's unaudited condensed consolidated balance sheet.

(3) Included in accrued payroll and employee benefits and deferred compensation plan liabilities on the Company's unaudited condensed consolidated balance sheet.

Money market securities as of **June 28, 2024** **September 27, 2024** and December 29, 2023 represent obligations of the United States Treasury. Fixed income and equity trading securities represent mutual funds held in the Company's deferred compensation plan. See Note 6 for additional information about the Company's deferred compensation plan.

Cash and cash equivalents consisted of the following as of **June 28, 2024** **September 27, 2024**:

(In thousands)	Gross				Gross			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
<b>Classified as current assets:</b>								
Cash	\$ 147,131	\$ -	\$ -	\$ 147,131	\$ 162,839	\$ -	\$ -	\$ 162,839
Cash equivalents:								
Money market securities	56,131	-	-	56,131	56,869	-	-	56,869
Total cash equivalents	<u>56,131</u>	<u>-</u>	<u>-</u>	<u>56,131</u>	<u>56,869</u>	<u>-</u>	<u>-</u>	<u>56,869</u>
Total cash and cash equivalents	<u>\$ 203,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,262</u>	<u>219,708</u>	<u>-</u>	<u>-</u>	<u>219,708</u>

Cash and cash equivalents consisted of the following as of December 29, 2023:

(In thousands)	Amortized	Unrealized	Unrealized	Estimated
	Cost	Gains	Losses	Fair Value
<b>Classified as current assets:</b>				
Cash	\$ 132,464	\$ -	\$ -	\$ 132,464
<b>Cash equivalents:</b>				
Money market securities	54,686	-	-	54,686
Total cash equivalents	54,686	-	-	54,686
Total cash and cash equivalents	\$ 187,150	\$ -	\$ -	\$ 187,150

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At **June 28, 2024** **September 27, 2024** and December 29, 2023, the Company did not have any assets or liabilities valued using significant unobservable inputs.

The following financial instruments are not measured at fair value on the Company's unaudited condensed consolidated balance sheet at **June 28, 2024** **September 27, 2024** and December 29, 2023, but require disclosure of their fair values: accounts receivable, other assets and accounts payable. Due to their short-term nature, the estimated fair value of such instruments at **June 28, 2024** **September 27, 2024** and December 29, 2023 approximates their carrying value as reported on the Company's unaudited condensed consolidated balance sheet.

#### Note 4: Net Income Per Share

Basic per share amounts are computed using the weighted-average number of shares of common stock outstanding during the period. Diluted per share amounts are calculated using the weighted-average number of shares of common stock outstanding during the period and, when dilutive, the weighted-average number of potential shares of common stock from the issuance of common stock to satisfy outstanding restricted stock units and the exercise of outstanding options to purchase common stock using the treasury stock method.

The following schedule reconciles the shares used to calculate basic and diluted net income per share:

(In thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
	51,111	51,255	51,059	51,193	51,177	51,203	51,098	51,197
Shares used in basic per share computation	51,111	51,255	51,059	51,193	51,177	51,203	51,098	51,197
Effect of dilutive common stock options outstanding	174	188	169	201	175	183	172	195
Effect of dilutive restricted stock units outstanding	232	249	247	300	270	259	257	288
Shares used in diluted per share computation	51,517	51,692	51,475	51,694	51,622	51,645	51,527	51,680

Common stock options to purchase 30,000 and 63,333 shares were excluded from the diluted per share calculation for the three months ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**, respectively, due to their anti-dilutive effect. Common stock options to purchase 100,833 63,333 shares and 22,253 24,835 shares were excluded from the diluted per share calculation for the six nine months ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**, respectively, due to their anti-dilutive effect.

#### Note 5: Stock-Based Compensation

##### Restricted Stock Units

Restricted stock unit grants are designed to attract and retain employees, and to better align employee interests with those of the Company's stockholders. For a select group of employees, up to 40% of their annual bonus is settled with fully vested restricted stock unit awards. Under these fully vested restricted stock unit awards, the holder of each

award has the right to receive one share of the Company's common stock for each fully vested restricted stock unit four years from the date of grant. Each individual who receives a fully vested restricted stock unit award is also granted a matching number of unvested restricted stock unit awards. Unvested restricted stock unit awards are also granted for select new hires and promotions. These unvested restricted stock unit awards generally cliff vest four years from the date of grant, at which time the holder of each award will have the right to receive one share of the Company's common stock for each restricted stock unit award provided the holder of each award has met certain employment conditions. In the case of retirement at 59½ years or older, all unvested restricted stock unit awards will continue to vest, provided that the holder of each award does all consulting work through the Company and does not become an employee for a past or present client, beneficial party or competitor of the Company.

The value of these restricted stock unit awards is determined based on the market price of the Company's common stock on the date of grant. The value of fully vested restricted stock unit awards issued is recorded as a reduction to accrued bonuses. The portion of bonus expense that the Company expects to settle with fully vested restricted stock unit awards is recorded as stock-based compensation during the period the bonus is earned. The

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Company recorded stock-based compensation expense associated with accrued bonus awards of \$3,082,000 2,842,000 and

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\$2,802,000 2,583,000 during the three months ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023, respectively. For the six nine months ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023, the Company recorded stock-based compensation expense associated with accrued bonus awards of \$6,396,000 9,238,000 and \$5,659,000 8,242,000, respectively. The value of the unvested restricted stock unit awards granted is recognized on a straight-line basis over the shorter of the four-year vesting period or the period between the grant date and the date the award recipient turns 59½. If the award recipient is 59½ years or older on the date of grant, the value of the entire award is expensed upon grant. The Company recorded stock-based compensation expense associated with the unvested restricted stock unit awards of \$2,127,000 2,255,000 and \$2,105,000 2,038,000 during the three months ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023, respectively. The Company recorded stock-based compensation expense associated with the unvested restricted stock unit awards of \$5,834,000 8,089,000 and \$6,086,000 8,124,000 during the six nine months ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023, respectively.

#### Stock Options

Stock options are granted for terms of ten years and generally vest 25% per year over a four-year period from the grant date. Unvested stock option awards will continue to vest in the case of retirement at 59½ years or older, provided that the holder of each award does all consulting work through the Company and does not become an employee for a past or present client, beneficial party or competitor of the Company. The value of the unvested stock option awards granted is recognized on a straight-line basis over the shorter of the four-year vesting period or the period between the grant date and the date the award recipient turns 59½. If the award recipient is 59½ years or older on the date of grant, the value of the entire award is expensed upon grant. The Company recorded stock-based compensation expense associated with stock option grants of \$368,000 and \$317,000 270,000 during the three months ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023, respectively. The Company recorded stock-based compensation expense associated with stock option grants of \$687,000 1,055,000 and \$541,000 811,000 during the six nine months ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023, respectively.

The Company uses the Black-Scholes option-pricing model to determine the fair value of options granted. The determination of the fair value of stock option awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. These variables include expected stock price volatility over the term of the award, actual and projected employee stock option exercise behaviors, the risk-free interest rate and expected dividends.

The Company used historical exercise, forfeiture, and post-vesting expiration data to estimate the expected term of options granted. The historical volatility of the Company's common stock over a period of time equal to the expected term of the options granted was used to estimate expected volatility. The risk-free interest rate used in the

option-pricing model was based on United States Treasury zero-coupon issues with remaining terms similar to the expected term of the options. The dividend yield assumption considers the expectation of continued declaration of dividends, offset by option holders' dividend equivalent rights.

The Company accounts for forfeitures of stock-based awards when they occur. All stock-based payment awards are recognized on a straight-line basis over the requisite service periods of the awards.

#### Note 6: Deferred Compensation Plans

The Company maintains nonqualified deferred compensation plans for the benefit of a select group of highly compensated employees. Under these plans, participants may elect to defer up to 100% of their compensation. Company assets that are earmarked to pay benefits under the plans are held in a rabbi trust and are subject to the claims of the Company's creditors. As of **June 28, 2024** **September 27, 2024** and December 29, 2023, the invested amounts under the plans totaled **\$118,796,000** **126,794,000** and **\$115,187,000**, respectively, and are recorded in prepaid expenses and other current assets and deferred compensation plan assets on the Company's unaudited condensed consolidated balance sheet. These assets are classified as trading securities and are recorded at fair value with changes recorded as adjustments to miscellaneous income (loss), net.

As of **June 28, 2024** **September 27, 2024** and December 29, 2023, vested amounts due under the plans totaled **\$120,123,000** **127,722,000** and **\$116,564,000**, respectively, and are recorded within accrued payroll and employee benefits and deferred compensation plan liabilities on the Company's unaudited condensed consolidated balance sheets. Changes in the liability are recorded as adjustments to compensation expense. During the three months ended **June 28, 2024** **September 27, 2024**,

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the Company recognized additional compensation expense of **\$875,000** **7,157,000** as a result of changes in the market value of the trust assets

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with the same amount being recorded as gain in miscellaneous income (loss), net. During the three months ended **June 30, 2023** **September 29, 2023**, the Company recognized **additional a reduction in** compensation expense of **\$4,122,000** **2,769,000** as a result of changes in the market value of the trust assets with the same amount being recorded as a loss in miscellaneous income (loss), net. During the **six nine** months ended **June 28, 2024** **September 27, 2024**, the Company recognized additional compensation expense of **\$7,144,000** **14,299,000** as a result of changes in the market value of the trust assets with the same amount being recorded as income in miscellaneous income, net. During the **six nine** months ended **June 30, 2023** **September 29, 2023**, the Company recognized additional compensation expense of **\$8,039,000** **5,271,000** as a result of changes in the market value of the trust assets with the same amount being recorded as **an income** in miscellaneous income (loss), net.

#### Note 7: Supplemental Cash Flow Information

The following is supplemental disclosure of cash flow information:

	Six Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023
(In thousands)				
Cash paid during period:				
Income taxes	\$ 18,490	\$ 16,460	\$ 29,060	\$ 27,753
Non-cash investing and financing activities:				
Vested stock unit awards issued to settle accrued bonuses	\$ 10,846	\$ 10,497	10,846	10,497
Right-of-use asset obtained in exchange for operating lease obligations	56,714	13,803		

Leasehold improvements obtained in exchange for right-of-use asset	-	3,219		
Accrual for capital expenditures as of period end	\$ 25	\$ 2,110	537	618
Leasehold improvements obtained in exchange for right-of-use asset	\$ -	\$ 3,219		
Right-of-use asset obtained in exchange for operating lease obligations	\$ 50,657	\$ 13,532		

#### Note 8: Accounts Receivable, Net

At **June 28, 2024** **September 27, 2024** and December 29, 2023, accounts receivable, net, was comprised of the following:

(In thousands)	June 28,		December 29,		September 27,		December 29,	
	2024	2023	2024	2023	2024	2023	2024	2023
Billed accounts receivable	\$ 117,977	\$ 128,052	\$ 117,746	\$ 128,052				
Unbilled accounts receivable	54,054	44,589	57,353	44,589				
Allowance for contract losses and doubtful accounts	(6,161)	(5,281)	(6,481)	(5,281)				
Total accounts receivable, net	<u>\$ 165,870</u>	<u>\$ 167,360</u>	<u>\$ 168,618</u>	<u>\$ 167,360</u>				

The Company maintains allowances for estimated losses over the remaining contractual life of its receivables resulting from the inability of customers to meet their financial obligations or for disputes that affect the Company's ability to fully collect amounts due. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations or aware of a dispute with a specific customer, a specific allowance is recorded to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. For all other customers the Company recognizes allowances for doubtful accounts based upon historical write-offs, customer concentration, customer creditworthiness, current economic conditions, aging of amounts due and future expectations.

A reconciliation of the beginning and ending amount of the allowance for contract losses and doubtful accounts is as follows (in thousands):

Balance at December 29, 2023	\$ 5,281	\$ 5,281
Provision for contract losses and doubtful accounts	2,359	3,140
Write-offs	(1,479)	(1,940)
<b>Balance at June 28, 2024</b>	<b>\$ 6,161</b>	
<b>Balance at September 27, 2024</b>	<b>\$ 6,481</b>	

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#### Note 9: Segment Reporting

The Company has two reportable operating segments based on two primary areas of service. The Engineering and Other Scientific segment is a broad service group providing technical consulting in different practices primarily in engineering. The Environmental and Health segment provides services in the areas of environmental, epidemiology and health risk analysis. This segment provides a wide range of consulting services relating to environmental hazards and risks and the impact on both human health and the environment. Our Chief Executive Officer, the chief operating decision maker, reviews revenues and operating income for each of our reportable segments, but does not review total assets in evaluating segment performance and capital allocation.

Segment information for the three and **six** **nine** months ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023** follows:

##### Revenues

(In thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Engineering and Other Scientific	\$ 118,477	\$ 116,647	\$ 239,948	\$ 233,695	\$ 115,244	\$ 110,857	\$ 355,193	\$ 344,552

Environmental and Health	22,059	23,574	45,521	46,835	21,035	22,479	66,555	69,314
Total revenues	\$ 140,536	\$ 140,221	\$ 285,469	\$ 280,530	\$ 136,279	\$ 133,336	\$ 421,748	\$ 413,866

#### Operating Income

(In thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
	\$ 43,765	\$ 38,711	\$ 92,396	\$ 82,330	\$ 40,292	\$ 38,734	\$ 132,687	\$ 121,064
Engineering and Other Scientific	7,259	7,521	15,495	15,075	7,547	7,475	23,042	22,550
Environmental and Health	51,024	46,232	107,891	97,405	47,839	46,209	155,729	143,614
Corporate operating expense	(15,280)	(16,357)	(41,434)	(38,410)	(21,992)	(12,276)	(63,425)	(50,686)
Total operating income	\$ 35,744	\$ 29,875	\$ 66,457	\$ 58,995	\$ 25,847	\$ 33,933	\$ 92,304	\$ 92,928

Certain operating expenses are excluded from the Company's measure of segment operating income. These expenses include costs associated with its human resources, legal, finance, information technology, and business development groups; the deferred compensation expense/benefit due to the change in value of assets associated with its deferred compensation plan; stock-based compensation associated with restricted stock unit and stock option awards; and the change in its allowance for contract losses and doubtful accounts.

#### Capital Expenditures

(In thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
	\$ 465	\$ 1,261	\$ 882	\$ 2,669	\$ 887	\$ 541	\$ 1,769	\$ 3,210
Engineering and Other Scientific	45	19	74	114	-	25	74	139
Environmental and Health	510	1,280	956	2,783	887	566	1,843	3,349
Total segment capital expenditures	497	8,287	1,560	12,645	1,339	1,248	2,899	13,893
Corporate capital expenditures	\$ 1,007	\$ 9,567	\$ 2,516	\$ 15,428	\$ 2,226	\$ 1,814	\$ 4,742	\$ 17,242

Certain capital expenditures associated with the Company's corporate cost centers and the related depreciation are excluded from the Company's segment information.

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#### Depreciation and Amortization

(In thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
	\$ 1,765	\$ 1,372	\$ 3,393	\$ 2,678	\$ 1,735	\$ 1,750	\$ 5,128	\$ 4,428
Engineering and Other Scientific	54	54	103	102	50	53	154	155
Environmental and Health	1,819	1,426	3,496	2,780	1,785	1,803	5,282	4,583
Total segment depreciation and amortization	667	760	1,314	1,394	604	558	1,917	1,952
Corporate depreciation and amortization	\$ 2,486	\$ 2,186	\$ 4,810	\$ 4,174	\$ 2,389	\$ 2,361	\$ 7,199	\$ 6,535

No single client comprised more than 10% of the Company's revenues during the three and **six** nine months ended **June 28, 2024** **September 27, 2024**. No single client comprised more than 10% of the Company's revenues during the three and **June 30, 2023** nine months ended **September 29, 2023**.

#### Note 10: Leases

The Company determines if an arrangement is a lease at the inception of the arrangement. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and long-term operating lease liabilities in the Company's condensed consolidated balance sheet. The Company does not have any finance leases as of **June 28, 2024** **September 27, 2024**.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate, based on the information available at commencement date, in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The amortization of operating lease ROU assets and the change in operating lease liabilities is disclosed as a single line item in the condensed consolidated statements of cash flows.

The Company leases office, laboratory, and storage space in 13 states and the District of Columbia, as well as in China, Hong Kong, Singapore, Switzerland, and the United Kingdom. Leases for these office, laboratory, and storage facilities have terms generally ranging between one and ten years. Some of these leases include options to extend or terminate the lease, none of which are currently included in the lease term as the Company has determined that exercise of these options is not reasonably certain.

The Company has a Test and Engineering Center on 147 acres of land in Phoenix, Arizona. The Company leases this land from the State of Arizona under a 30-year lease agreement that expires in January of 2028 and has options to renew for two fifteen-year periods. On June 19, 2024, the Company entered into an agreement with the State of Arizona to extend this lease for 15 years beginning on January 17, 2028. The Company is currently obligated to make payments under the lease of \$1,009,000 per year, which obligation will continue at that level until January 16, 2028. Beginning on January 17, 2028, the Company's payments under the lease will increase to approximately \$6,183,000 per year for the 15-year extension term with adjustments to the annual rent payment in 2033 and 2038 based on the consumer price index. As a result of this extension, the Company added an additional right-of-use asset in exchange for an operating lease liability of \$48,683,000 during the second quarter of 2024. As of **June 28, 2024** **September 27, 2024**, the Company has determined that the exercise of the second renewal option is not reasonably certain and thus that extension is not included in the lease term.

The Company's equipment leases are included in the ROU asset and liability balances, but are not material.

The Company leases excess space in its Silicon Valley and Natick facilities. Rental income of **\$927,000** **742,000** and **\$853,000** **882,000** was included in other income for the three months ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**, respectively.

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respectively. Rental income of **\$1,769,000** **2,511,000** and **\$1,609,000** **2,491,000** was included in other income for the **six** nine months ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**, respectively.

The components of lease expense included in other operating expenses on the condensed consolidated statements of income were as follows:

(In thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28,		June 30,		September 27,		September 29,	
	2024	2023	2024	2023	2024	2023	2024	2023
Operating lease cost	\$ 2,392	\$ 1,778	\$ 4,507	\$ 3,565	\$ 3,251	\$ 2,094	\$ 7,758	\$ 5,659
Variable lease cost	385	503	748	873	352	378	1,100	1,251
Short-term lease cost	343	405	650	681	378	256	1,028	937

Supplemental cash flow information related to operating leases was as follows:

Three Months Ended	Six Months Ended	Three Months Ended	Nine Months Ended
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(In thousands)	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 1,804	\$ 1,437	\$ 4,348	\$ 3,801	\$ 1,654	\$ 1,715	\$ 6,002	\$ 5,516

Supplemental balance sheet information related to operating leases was as follows:

	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023
Weighted Average Remaining Lease Term	14.5 years	6.5 years	14.0 years	6.4 years
Weighted Average Discount Rate	6.4%	5.0%	6.2%	5.1%

Maturities of operating lease liabilities as of **June 28, 2024** **September 27, 2024**:

(In thousands)	Operating Leases	Operating Leases
2024 (excluding the six months ended June 28, 2024)		3,130
2024 (excluding the nine months ended September 27, 2024)	\$ 1,538	
2025	7,160	7,803
2026	6,333	7,460
2027	5,048	6,183
2028	8,502	9,645
Thereafter	94,959	98,461
Total lease payments	\$ 125,132	131,090
Less imputed interest	(49,836)	(50,228)
Total lease liability	\$ 75,296	\$ 80,862

#### Note 11: Contingencies

The Company is a party to various legal actions from time to time and may be contingently liable in connection with claims and contracts arising in the normal course of business, the outcome of which the Company believes, after consultation with legal counsel, will not have a material adverse effect on its financial condition, results of operations or liquidity. However, due to the risks and uncertainties inherent in legal proceedings, actual results could differ from current expected results. All legal costs associated with litigation are expensed as incurred.

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#### Note 12: Subsequent Events

On **July 25**, **October 24**, 2024, the Company's Board of Directors announced a cash dividend of \$0.28 per share of the Company's common stock, payable **September** **December** 20, 2024, to stockholders of record as of **September** **December** 6, 2024.

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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included herein and with our audited consolidated financial statements and notes thereto for the fiscal year ended December 29, 2023, which are contained in our fiscal 2023 Annual Report on Form 10-K, which was filed with the U.S. Securities and Exchange Commission on February 23, 2024 and amended on April 17, 2024 (our "2023 Annual Report").

### Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995, and the rules promulgated pursuant to the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended) that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. When used in this document, the words "intend," "anticipate," "believe," "estimate," "expect" and similar expressions, as they relate to us or our management, identify such forward-looking statements. Such statements reflect the current views of us or our management with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance, or achievements could differ materially from those expressed in, or implied by, any such forward-looking statements. Factors that could cause or contribute to such material differences include the possibility that the demand for our services may decline as a result of changes in general and industry specific economic conditions, the timing of engagements for our services, the effects of competitive services and pricing, the absence of backlog related to our business, our ability to attract and retain key employees, the effect of tort reform and government regulation on our business and liabilities resulting from claims made against us. Additional risks and uncertainties are discussed in our 2023 Annual Report under the heading "Risk Factors". The inclusion of such forward-looking information should not be regarded as a representation by us or any other person that the future events, plans, or expectations we contemplated will be achieved. Due to such uncertainties and risks, you are warned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We do not intend to release publicly any updates or revisions to any such forward-looking statements.

### Business Overview

Exponent, Inc., is an engineering and scientific consulting firm that provides solutions to complex problems. Our multidisciplinary team of scientists, engineers and business consultants brings together more than 90 different technical disciplines to solve complicated issues facing industry and business today. Our services include analysis of product development, product recall, regulatory compliance, and the discovery of potential problems related to products, people, property and impending litigation.

### CRITICAL ACCOUNTING ESTIMATES

There have been no significant changes in our critical accounting estimates during the **six** **nine** months ended **June 28, 2024** **September 27, 2024**, as compared to the critical accounting estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2023 Annual Report.

### RESULTS OF CONSOLIDATED OPERATIONS

#### Executive Summary

Revenues for the **second** **third** quarter of 2024 **were** **increased** **2%** to **\$140,536,000** **\$136,279,000** as compared to **\$140,221,000** **\$133,336,000** during the same period last year. Revenues before reimbursements for the **second** **third** quarter of 2024 increased **2%** **slightly** to **\$132,434,000** **\$125,085,000** as compared to **\$129,653,000** **\$124,959,000** during the same period last year.

**Growth** **During** **the** **second** **third** **quarter** **of** **2024** **was** **proactive** **engagements** **in** **the** **consumer** **electronics** **sector** **increased** **driven** **by** **demand** **for** **our** **user** **experience** **studies** **and** **product** **development** **consulting**. **This** **was** **largely** **offset** **by** **persistent** **challenges** **in** **the** **chemicals** **sector** **and** **the** **high** **benchmark** **set** **by** **the** **previous** **year's** **third** **quarter** **growth** **rate** **in** **reactive** **services**, **which** **included** **product** **safety** **engagements** **and** **disputes-related** **work** **across** **the** **transportation**, **utilities** **and** **medical** **device** **sectors**. **Our** **revenue** **growth** **moderated** **during** **the** **quarter** **due** **to** **an** **usually** **high** **hurdle** **for** **year-over-year** **comparisons** **services**.

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resulting from the approximately 20% growth in our prior year reactive business and ongoing headwinds in the consumer electronics and chemicals sectors.

Net income increased **14% 6%** to **\$29,227,000** **\$26,044,000** during the **second** **third** quarter of 2024 as compared to **\$25,748,000** **\$24,538,000** during the same period last year. Diluted earnings per share increased to **\$0.57** **\$0.50** per share **during the second quarter of 2024** as compared to **\$0.50** **\$0.48** in the same period last year. The increase in profitability was due to our **successful** **continued** efforts to **better** align resources with demand.

We remain focused on selectively adding top talent and developing the skills necessary to expand our market position and providing clients with in-depth scientific research and analysis to determine what happened and how to prevent failures or exposures in the future. We also remain focused on capitalizing on emerging growth areas, managing other operating expenses, generating cash from operations, maintaining a strong balance sheet and undertaking activities such as share repurchases and dividends to enhance shareholder value.

#### Overview of the Three Months Ended **June 28, 2024** **September 27, 2024**

During the **second** **third** quarter of 2024, billable hours decreased **2%** **5%** to **381,000** **362,000** as compared to **388,000** **380,000** during the same period last year. Our utilization increased to **75%** **73%** during the **second** **third** quarter of 2024 as compared to **69%** **70%** during the same period last year. Technical full-time equivalent employees decreased **9%** **10%** to **975** **949** during the **second** **third** quarter of 2024 as compared to **1,077** **1,050** during the same period last year.

#### Three Months Ended **June 28, 2024** **September 27, 2024** compared to Three Months Ended **June 30, 2023** **September 29, 2023**

##### Revenues

(in thousands, except percentages)	Three Months Ended			Three Months Ended		
	June 28, 2024		Percent Change	September 27, 2024		Percent Change
	June 28, 2024	June 30, 2023		September 27, 2024	September 29, 2023	
Engineering and Other Scientific	\$ 118,477	\$ 116,647	1.6%	\$ 115,244	\$ 110,857	4.0%
Percentage of total revenues	84.3%	83.2%		84.6%	83.1%	
Environmental and Health	22,059	23,574	-6.4%	21,035	22,479	-6.4%
Percentage of total revenues	15.7%	16.8%		15.4%	16.9%	
Total revenues	\$ 140,536	\$ 140,221	0.2%	\$ 136,279	\$ 133,336	2.2%

The increase in revenues for our Engineering and Other Scientific segment was due to an increase in billing rates partially offset by a decrease in billable hours. During the **second** **third** quarter of 2024, billable hours for this segment decreased by **1%** **3%** to **306,000** **291,000** as compared to **308,000** **301,000** during the same period last year. Utilization for this segment increased to **77%** **75%** during the **second** **third** quarter of 2024 as compared to **70%** **71%** during the same period last year. The increase in revenues was driven by our services across the **transportation** **consumer electronics** and **energy utilities** sectors. Technical full-time equivalent employees in this segment decreased 9% to **765** **745** during the **second** **third** quarter of 2024 as compared to **842** **821** for the same period last year.

The decrease in revenues for our Environmental and Health segment was due to a decrease in billable hours, hours partially offset by an increase in billing rates. During the **second** **third** quarter of 2024, billable hours for this segment decreased by **6%** **10%** to **75,000** **71,000** as compared to **80,000** **79,000** during the same period last year. Utilization for this segment increased to **68%** **67%** during the **second** **third** quarter of 2024 as compared to **65%** **66%** during the same period last year. The decrease in revenues for this segment was related to ongoing headwinds in the **chemical** **sector** and **life sciences** sectors. Technical full-time equivalent employees in this segment decreased 11% to **210** **204** as compared to **235** **229** during the same period last year.

##### Compensation and Related Expenses

(in thousands, except percentages)	Three Months Ended			Three Months Ended		
	June 28, 2024		Percent Change	September 27, 2024		Percent Change
	June 28, 2024	June 30, 2023		September 27, 2024	September 29, 2023	
Compensation and related expenses	\$ 79,466	\$ 82,836	-4.1%	\$ 81,954	\$ 74,011	10.7%
Percentage of total revenues	56.5%	59.1%		60.1%	55.5%	

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The **decrease** **increase** in compensation and related expenses during the **second** **third** quarter of 2024 was due to a change in the value of assets associated with our **deferred compensation plan**, an increase in bonus expense and an increase in stock-based compensation partially offset by a decrease in payroll expense and fringe benefits.

During the **second** **third** quarter of 2024, deferred compensation expense **decreased** **increased** by **\$3,247,000** **\$9,926,000** with a corresponding **decrease** **increase** to other income, net, as compared to the same period last year, due to the change in value of assets associated with our deferred compensation plan. This **decrease** **increase** consisted of an increase in the value of plan assets of **\$875,000** **\$7,157,000** during the **second** **third** quarter of 2024 as compared to **an increase** **a decrease** in the value of plan assets of **\$4,122,000** **\$2,769,000** during the same period last year. We expect Bonus expense increased \$837,000 during the third quarter of 2024 due to a corresponding increase to our bonus pool. Stock-based compensation expense **excluding** increased \$325,000 during the **change** **third** quarter of 2024 due to an increase in value of unvested restricted stock unit grants. Payroll expense decreased by \$1,900,000 and fringe benefits decreased by \$1,075,000 during the third quarter of **deferred** compensation plan assets, 2024 due to **increase** as we selectively add new talent and adjust compensation to market conditions. the decrease in technical full-time equivalent employees partially offset by impact of our annual salary adjustments.

#### Other Operating Expenses

(in thousands, except percentages)	Three Months Ended			Three Months Ended		
	June 28,		Percent Change	September 27,		Percent Change
	2024	2023		2024	2023	
Other operating expenses	\$ 11,185	\$ 10,305	8.5%	\$ 11,975	\$ 10,997	8.9%
Percentage of total revenues	8.0%	7.3%		8.8%	8.2%	

Other operating expenses include facilities-related costs, technical materials, computer-related expenses and depreciation and amortization of property, equipment and leasehold improvements. The increase in other operating expenses during the **second** **third** quarter of 2024 was primarily due to an increase in occupancy expense of **\$527,000** and **an increase in depreciation and amortization expense of \$300,000**. The increases in occupancy expense and depreciation and amortization were primarily due to investment in our corporate infrastructure **\$1,062,000**. Our land lease with the State of Arizona was extended on June 19, 2024. This extension **will result** in additional non-cash rent expense of approximately **\$1,085,000** in each of during the **third and fourth quarters** of 2024. This increased level of rent expense will continue through the extended lease term ending in January of 2043 with adjustments in 2033 and 2038 based on the consumer price index. We **also** expect other operating expenses to grow as we selectively add new talent and make investments in our corporate infrastructure.

#### Reimbursable Expenses

(in thousands, except percentages)	Three Months Ended			Three Months Ended		
	June 28,		Percent Change	September 27,		Percent Change
	2024	2023		2024	2023	
Reimbursable expenses	\$ 8,102	\$ 10,568	-23.3%	\$ 11,194	\$ 8,377	33.6%
Percentage of total revenues	5.8%	7.5%		8.2%	6.3%	

The amount of reimbursable expenses will vary from quarter to quarter depending on the nature of our projects. The **decrease** **increase** in reimbursable expenses during the **second** **third** quarter of 2024 as compared to the same period last year was due to a **decrease** **an increase** in proactive projects for the consumer electronics sector.

#### General and Administrative Expenses

(in thousands, except percentages)	Three Months Ended			Three Months Ended		
	June 28,		Percent Change	September 27,		Percent Change
	2024	2023		2024	2023	
General and administrative expenses	\$ 6,039	\$ 6,637	-9.0%	\$ 5,309	\$ 6,018	-11.8%
Percentage of total revenues	4.3%	4.7%		3.9%	4.5%	

The decrease in general and administrative expenses was primarily due to a decrease in travel and meals of **\$357,000** **\$509,000** and a decrease in **bad debt expense** **personnel expenses of \$173,000** **\$309,000**. The decrease in travel and meals was due to the decrease in technical full-time equivalent **employees**, **employees** and a firm-wide principals' meeting which was held in the **third** quarter of 2023. We did not have any firm-wide meetings during the **third** quarter of 2024. The decrease in **bad debt expense** **personnel expenses** was primarily due to a **decrease** in **write-offs**, **lower relocation costs**. We expect general and administrative expenses to increase as we selectively add new talent and expand our business development and staff development initiatives.

#### Operating Income

(in thousands, except percentages)	Three Months Ended			Three Months Ended		
	June 28,		Percent	September 27,		Percent
	2024	2023		2024	2023	
Engineering and Other Scientific	\$ 43,765	\$ 38,711	13.1%	\$ 40,292	\$ 38,734	4.0%
Environmental and Health	7,259	7,521	-3.5%	7,547	7,475	1.0%
Total segment operating income	51,024	46,232	10.4%	47,839	46,209	3.5%
Corporate operating expense	(15,280)	(16,357)	-6.6%	(21,992)	(12,276)	79.1%
Total operating income	<u>\$ 35,744</u>	<u>\$ 29,875</u>	<u>19.6%</u>	<u>\$ 25,847</u>	<u>\$ 33,933</u>	<u>-23.8%</u>

The increase in operating income for our Engineering and Other Scientific segment during the **second** **third** quarter of 2024 as compared to the same period last year was due to an increase in revenues and an increase in utilization. The increase in revenues was due to an increase in billing rates partially offset by a decrease in billable hours. Growth during the **second** **third** quarter of 2024 was driven by our **reactive** services across the **transportation** **consumer electronics** and **energy utilities** sectors. The **slight increase in utilization was due to our efforts to align resources with demand. The decrease in operating income for our Environmental and Health segment during the second quarter of 2024 was due to ongoing headwinds** **an increase in the chemical industry utilization.**

Certain operating expenses are excluded from our measure of segment operating income. These expenses include the costs associated with our human resources, **legal**, finance, information technology, and business development groups; the deferred compensation expense/benefit due to the change in value of assets associated with our deferred compensation plan; stock-based compensation associated with restricted stock unit and stock option awards; and the change in our allowance for contract losses and doubtful accounts.

The **decrease increase** in corporate operating expenses during the **second** **third** quarter of 2024 as compared to the same period last year was primarily due to a **decrease in deferred compensation expense partially offset by an increase in the costs associated with our human resources, legal, finance, information technology and business development groups, deferred compensation.** During the **second** **third** quarter of 2024, deferred compensation expense **decreased \$3,247,000, increased \$9,926,000**, with a corresponding **decrease increase** to other income, net, as compared to the same period last year, due to the change in value of assets associated with our deferred compensation plan. This **decrease increase** consisted of an increase in the value of plan assets of **\$875,000 \$7,157,000** during the **second** **third** quarter of 2024 as compared to an **increase decrease** in the value of plan assets of **\$4,122,000 \$2,769,000** during the same period last year.

#### Other Income, Net

(in thousands, except percentages)	Three Months Ended			Three Months Ended		
	June 28,		Percent	September 27,		Percent
	2024	2023		2024	2023	
Other income / (loss), net	\$ 3,938	\$ 6,378	-38.3%			
Other income (loss), net	<u>\$ 10,090</u>	<u>\$ 84</u>	<u>11911.9%</u>			
Percentage of total revenues	2.8%	4.5%		7.4%	0.1%	

Other income, net, consists primarily of changes in the value of assets associated with our deferred compensation plan, interest income earned on available cash, cash equivalents and short-term investments, and rental income from leasing space in our Silicon Valley and Natick facilities. The **decrease increase** in other income, net, was primarily due to a change in the value of assets associated with our deferred compensation **plan partially offset by an increase in interest income, plan.** During the **second** **third** quarter of 2024, other income, net, **decreased increased by \$3,247,000 \$9,926,000** with a corresponding **decrease increase** to deferred compensation expense, as compared to the same period last year, due to a change in the value of assets associated with our deferred compensation plan. This **decrease increase** consisted of an increase in the value of the plan assets of **\$875,000 \$7,157,000** during the **second** **third** quarter of 2024 as compared to an **increase decrease** in the value of the plan assets of **\$4,122,000 \$2,769,000** during the same period last year. **The increase in interest income of \$638,000 was due to higher interest rates.**

#### Income Taxes

(in thousands, except percentages)	Three Months Ended			Percent	
	September 27,		Percent		
	2024	2023			
Income taxes	\$ 9,893	\$ 9,479	4.4%		
Percentage of total revenues	7.3%	7.1%			
Effective tax rate	27.5%	27.9%			

#### Income Taxes

(in thousands, except percentages)	Three Months Ended			Percent Change
	June 28,		June 30,	
	2024	2023		
Income taxes	\$ 10,455	\$ 10,505		-0.5%
Percentage of total revenues	7.4 %	7.5 %		
Effective tax rate	26.3 %	29.0 %		

The increase in income tax expense was due to an increase in pre-tax income. The decrease in our effective tax rate was due primarily to an increase in the excess tax benefit associated with stock-based awards. The excess tax benefit associated with stock-based awards was \$726,000 \$532,000 during the second third quarter of 2024 as compared to \$12,000 and there was no excess tax benefit associated with stock-based awards during the same period last year.

**Six Nine Months Ended June 28, 2024 September 27, 2024 compared to Six Nine Months Ended June 30, 2023**

September 29, 2023

#### Revenues

(in thousands, except percentages)	Six Months Ended			Nine Months Ended			Percent Change
	June 28,		June 30,	Percent Change	September 27,	September 29,	
	2024	2023	2024	2023	2024	2023	
Engineering and Other Scientific	\$ 239,948	\$ 233,695	2.7 %	\$ 355,193	\$ 344,552	3.1 %	
Percentage of total revenues	84.1 %	83.3 %		84.2 %	83.3 %		
Environmental and Health	45,521	46,835	-2.8 %	66,555	69,314	-4.0 %	
Percentage of total revenues	15.9 %	16.7 %		15.8 %	16.7 %		
Total revenues	<u>\$ 285,469</u>	<u>\$ 280,530</u>	1.8 %	<u>\$ 421,748</u>	<u>\$ 413,866</u>	1.9 %	

The increase in revenues for our Engineering and Other Scientific segment was due to an increase in billing rates partially offset by a decrease in billable hours and an increase in billing rates. During the first six nine months of 2024, billable hours for this segment increased decreased by 1% to 620,000 911,000 as compared to 614,000 916,000 during the same period last year. Utilization for this segment increased to 77% 76% during the first six nine months of 2024 as compared to 71% during the same period last year. The increase in billable hours revenues was driven by continued strong demand from our services across the energy, vehicle consumer products and medical device industries, utilities sectors. Technical full-time equivalent employees in this segment decreased 7% to 775 765 during the first six nine months of 2024 as compared to 830 827 for the same period last year.

The decrease in revenues for our Environmental and Health segment was due to a decrease in billable hours partially offset by an increase in our realized billing rate. During the first six nine months of 2024, billable hours for this segment decreased by 4% 6% to 152,000 223,000 as compared to 159,000 238,000 during the same period last year. Utilization in this segment increased to 68% during the first six nine months of 2024 as compared to 65% 66% during the same period last year. The decrease in revenues for this segment was related to ongoing headwinds in the chemical sector and life sciences sectors. Technical full-time equivalent employees in this segment decreased by 8% 9% to 214 211 during the first six nine months of 2024 as compared to 234 232 during the same period last year.

#### Compensation and Related Expenses

(in thousands, except percentages)	Six Months Ended			Nine Months Ended			Percent Change
	June 28,		June 30,	Percent Change	September 27,	September 29,	
	2024	2023	2024	2023	2024	2023	
Compensation and related expenses	\$ 169,793	\$ 167,017	1.7 %	\$ 251,747	\$ 241,028	4.4 %	
Percentage of total revenues	59.5 %	59.5 %		59.7 %	58.2 %		

The increase in compensation and related expenses during the first six nine months of 2024 was due to an increase in payroll expense, an increase in fringe benefits and an increase in bonus expense partially offset by a change in the value of assets associated with our deferred compensation plan. Payroll plan, an increase in bonus expense, increased \$1,748,000 and fringe benefits increased by \$876,000 during the first six months of 2024 due to the impact of our annual salary adjustments an increase in stock-based compensation partially offset by the a decrease in technical full-time equivalent employees. Bonus expense increased by \$1,409,000 during the first six months of 2024 due to a corresponding increase to our bonus pool which is equal to 33% of income before income taxes, interest income, bonus payroll expense and stock-based compensation, fringe benefits. During the first six nine months of 2024, deferred compensation expense decreased \$897,000 increased \$9,028,000 with a corresponding decrease increase to other income, net, as compared to the same period last year, due to the change in value of assets associated with our deferred compensation

plan. This **decrease** **increase** consisted of an increase in the value of plan assets of **\$7,142,000** **\$14,299,000** during the first **six** **nine** months of 2024 as compared to an increase in the value of plan assets of **\$8,039,000** **\$5,271,000** during the same period last year. **We expect** **Bonus** **expense** increased by **\$2,246,000** during the first **nine** months of 2024 due to a corresponding increase to our **bonus** **pool**. **Stock-based** **compensation** **expense** **excluding** **increased** **\$206,000** during the **change** **first** **nine** **months** of 2024 due to an increase in **value** **unvested** **restricted** **stock** **unit** **grants**. **Payroll** **expense** **decreased** **by** **\$151,000** and **fringe** **benefits** **decreased** **by** **\$199,000** during the first **nine** **months** of **deferred** **compensation** **plan** **assets**, **2024** due to **increase** as we **selectively** **add** **new** **talent** and **adjust** **compensation** to **market** **conditions**. **the** **decrease** **in** **technical** **full-time** **equivalent** **employees** **partially** **offset** **by** **impact** **of** **our** **annual** **salary** **adjustments**.

#### Other Operating Expenses

(in thousands, except percentages)	Six Months Ended			Nine Months Ended		
	June 28, 2024	June 30, 2023	Percent Change	September 27, 2024	September 29, 2023	Percent Change
	\$ 21,716	\$ 19,866	9.3%	\$ 33,691	\$ 30,863	9.2%
Other operating expenses	7.6%	7.1%		8.0%	7.5%	
Percentage of total revenues						

Other operating expenses include facilities-related costs, technical materials, computer-related expenses and depreciation and amortization of property, equipment and leasehold improvements. The increase in other operating expenses during the first **six** **nine** months of 2024 was primarily due to an increase in occupancy expense of **\$1,003,000** **\$2,065,000** and an increase in depreciation expense of **\$636,000**, **\$664,000**. The **increase** **in** **occupancy** **expense** was primarily due to **investment** **in** **our** **corporate** **infrastructure**. **The** **increase** **increases** **in** **depreciation** **and** **amortization** **were** **also** **due** **to** **continued** **investments** **in** **our** **corporate** **infrastructure**. Our land lease with the State of Arizona was extended on June 19, 2024. This extension **will** **result** **resulted** **in** **additional** **non-cash** **rent** **expense** **of** **approximately** **\$1,085,000** **in** **each** **of** **\$1,231,000** **during** **the** **third** **and** **fourth** **quarters** **first** **nine** **months** **of** **2024**. **This** **increased** **level** **of** **rent** **expense** **will** **continue** **through** **the** **extended** **lease** **term** **ending** **in** **January** **of** **2043** **with** **adjustments** **in** **2033** **and** **2038** **based** **on** **the** **consumer** **price** **index**. **We** **also** **expect** **other** **operating** **expenses** **to** **grow** **as** **we** **selectively** **add** **new** **talent** **and** **make** **investments** **in** **our** **corporate** **infrastructure**.

#### Reimbursable Expenses

(in thousands, except percentages)	Six Months Ended			Nine Months Ended		
	June 28, 2024	June 30, 2023	Percent Change	September 27, 2024	September 29, 2023	Percent Change
	\$ 15,828	\$ 22,172	-28.6%	\$ 27,022	\$ 30,549	-11.5%
Reimbursable expenses	5.5%	7.9%		6.4%	7.4%	
Percentage of total revenues						

The amount of reimbursable expenses will vary from quarter to quarter depending on the nature of our projects. The decrease in reimbursable expenses during the first **six** **nine** months of 2024 as compared to the same period last year was due to a decrease in proactive projects for the consumer electronics sector.

#### General and Administrative Expenses

(in thousands, except percentages)	Six Months Ended			Nine Months Ended		
	June 28, 2024	June 30, 2023	Percent Change	September 27, 2024	September 29, 2023	Percent Change
	\$ 20,220	\$ 20,220	0.0%	\$ 20,220	\$ 20,220	0.0%
General and administrative expenses						
Percentage of total revenues						

General and administrative expenses	\$ 11,675	\$ 12,480	-6.5%	\$ 16,984	\$ 18,498	-8.2%
Percentage of total revenues	4.1%	4.4%		4.0%	4.5%	

The decrease in general and administrative expenses was primarily due to a decrease in outside consulting of \$1,106,000, a decrease in travel and meals of \$306,000, a decrease in marketing and business development expenses of \$159,000 \$15,000 and a decrease in bad debt expense personnel expenses of \$109,000. \$700,000 partially offset by an increase in other professional services of \$802,000. Outside consulting decreased primarily due to activity associated with content creation for our external website during the first and second quarters of 2023. The decrease in travel and meals was due to the decrease in technical full-time equivalent employees, employees and a firm-wide principals' meeting which was held in the third quarter of 2023. We did not have any firm-wide meetings during the first nine months of 2024. The decrease in marketing and business development personnel expenses was due to the decrease in technical full-time equivalent employees. The decrease in bad debt expense was lower relocation and recruiting costs. Professional services increased primarily due to a decrease in write-offs, legal fees. We expect general and administrative expenses to increase as we expand our business development and staff development initiatives.

#### Operating Income

(in thousands, except percentages)	Nine Months Ended			Percent Change	
			September 27, 2024		
Engineering and Other Scientific	\$ 132,687	\$ 121,064		9.6%	
Environmental and Health	23,042	22,550		2.2%	
Total segment operating income	155,729	143,614		8.4%	
Corporate operating expense	(63,425)	(50,686)		25.1%	
<b>Total operating income</b>	<b>\$ 92,304</b>	<b>\$ 92,928</b>		<b>-0.7%</b>	

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#### Operating Income

(in thousands, except percentages)	Six Months Ended			Percent Change	
			June 28, 2024		
Engineering and Other Scientific	\$ 92,396	\$ 82,330		12.2%	
Environmental and Health	15,495	15,075		2.8%	
Total segment operating income	107,891	97,405		10.8%	
Corporate operating expense	(41,434)	(38,410)		7.9%	
<b>Total operating income</b>	<b>\$ 66,457</b>	<b>\$ 58,995</b>		<b>12.6%</b>	

The increase in operating income for our Engineering and Other Scientific segment during the first six nine months of 2024 as compared to the same period last year was due to an increase in revenues and an increase in utilization. The increase in revenues was primarily due to an increase in billing rates. The increase in utilization was due to our efforts to align resources with demand. Growth was driven by demand for our services across the energy, vehicle and medical device industries. The increase in operating income for our Environmental and Health segment was driven by our regulatory consulting services, due to an increase in utilization.

Certain operating expenses are excluded from our measure of segment operating income. These expenses include the costs associated with our human resources, legal, finance, information technology, and business development groups; the deferred compensation expense/benefit due to the change in value of assets associated with our deferred compensation plan; stock-based compensation associated with restricted stock unit and stock option awards; and the change in our allowance for contract losses and doubtful accounts.

The increase in corporate operating expenses during the first six nine months of 2024 as compared to the same period last year was primarily due to an increase in deferred compensation expense and an increase in the costs associated with our human resources, legal, finance, information technology and business development groups partially offset by a decrease in deferred compensation expense groups. During the first six nine months of 2024, deferred compensation expense decreased \$897,000, increased \$9,028,000, with a corresponding decrease increase to other income, net, as compared to the same period last year, due to the change in value of assets associated with our

deferred compensation plan. This **decrease** **increase** consisted of an increase in the value of plan assets of **\$7,142,000** **\$14,299,000** during the first **six** **nine** months of 2024 as compared to an increase in the value of plan assets of **\$8,039,000** **\$5,271,000** during the same period last year.

#### Other Income, Net

(in thousands, except percentages)	Six Months Ended			Nine Months Ended		
	June 28, 2024	June 30, 2023	Percent Change	September 27, 2024	September 29, 2023	Percent Change
	\$ 13,648	\$ 12,796	6.7%	\$ 23,738	\$ 12,880	84.3%
Other income (loss), net						
Percentage of total revenues	4.8%	4.6%		5.6%	3.1%	

Other income, net, consists primarily of changes in the value of assets associated with our deferred compensation plan, interest income earned on available cash, cash equivalents and short-term investments, and rental income from leasing space in our Silicon Valley and Natick facilities. The increase in other income, net, was primarily due to **an increase in interest income partially offset by** a change in the value of assets associated with our deferred compensation **plan**. **plan and an increase in interest income**. During the first six months of 2024, interest income increased by \$1,494,000 as compared to the same period last year due to higher interest rates. During the first **six** **nine** months of 2024, other income, net, **decreased** **\$897,000** **increased** **\$9,028,000** with a corresponding **decrease** **increase** to deferred compensation expense, as compared to the same period last year, due to a change in the value of assets associated with our deferred compensation plan. This **decrease** **increase** consisted of an increase in the value of the plan assets of **\$7,142,000** **\$14,299,000** during the first **six** **nine** months of 2024 as compared to an increase in the value of the plan assets of **\$8,039,000** **\$5,271,000** during the same period last year. During the first nine months of 2023, interest income increased by \$2,195,000 as compared to the same period last year due to an increase in interest rates.

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#### Income Taxes

(in thousands, except percentages)	Six Months Ended			Nine Months Ended		
	June 28, 2024	June 30, 2023	Percent Change	September 27, 2024	September 29, 2023	Percent Change
	\$ 20,736	\$ 16,919	22.6%	\$ 30,629	\$ 26,398	16.0%
Income taxes						
Percentage of total revenues	7.3%	6.0%		7.3%	6.4%	
Effective tax rate	25.9%	23.6%		26.4%	24.9%	

The increase in income tax expense was due to an increase in pre-tax income and a decrease in the excess tax benefit associated with stock-based awards. The excess tax benefit associated with stock-based awards was **\$1,672,000** **\$2,204,000** during the first **six** **nine** months of 2024 as compared to \$3,639,000 during the same period last year. Excluding the impact of the excess tax benefit, the effective tax rate would have been **28.0%** **28.3%** during the first **six** **nine** months of 2024 as compared to **28.6%** **28.4%** during the same period last year.

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#### LIQUIDITY AND CAPITAL RESOURCES

We believe our existing balances of cash, cash equivalents, and cash generated from operations will be sufficient to satisfy our working capital needs, capital expenditures, outstanding commitments, stock repurchases, dividends and other liquidity requirements over at least the next twelve months.

Six Months Ended	Nine Months Ended
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(in thousands)	June 28, 2024		June 30, 2023		September 27, 2024		September 29, 2023	
	\$	58,771	\$	33,842	\$	88,485	\$	56,043
Net cash provided by operating activities								
Net cash used in investing activities			(2,628)	(11,116)				
Net cash used in financing activities			(4,342)	(14,422)				
Net cash used in financing activities		(39,829)	(36,394)			(52,788)		(65,972)

We financed our business during the first **six** **nine** months of 2024 through available cash. As of **June 28, 2024** **September 27, 2024**, our cash and cash equivalents were **\$203,262,000** **\$219,708,000** as compared to **\$187,150,000** at December 29, 2023.

Generally, our net cash provided by operating activities is used to fund our day to day operating activities. First quarter operating cash requirements are generally higher due to payment in the first quarter of our annual bonuses accrued during the prior year. Our largest source of operating cash flows is collections from our clients. Our primary uses of cash from operating activities are for employee related expenditures, leased facilities, taxes, and general operating expenses including marketing and travel. **The increase in net cash provided by operating activities was due to an increase in net income and a smaller increase in accounts receivable during the first nine months of 2024 as compared to the same period last year.**

The decrease in net cash used in investing activities during the first **six** **nine** months of 2024, as compared to the same period last year, was due to a decrease in capital expenditures primarily due to leasehold improvements during 2023 associated with our office and lab space in Philadelphia.

**The increase****decrease** in net cash used in financing activities during the first **six** **nine** months of 2024, as compared to the same period last year, was due to **an increase****a decrease** in repurchases of our common stock and **an increase in dividends partially offset by** a reduction in payroll taxes for restricted stock **units** **units partially offset by an increase in dividends.**

We expect to continue our investing activities, including capital expenditures. Furthermore, cash reserves may be used to repurchase shares of common stock under our stock repurchase programs, pay dividends, or strategically acquire professional service firms that are complementary to our business.

We maintain a nonqualified deferred compensation plan for the benefit of a select group of highly compensated employees. Vested amounts due under the plan of **\$108,588,000** **\$115,527,000** were recorded as a long-term liability on our unaudited condensed consolidated balance sheet at **June 28, 2024** **September 27, 2024**. Vested amounts due under the plan of **\$11,535,000** **\$12,195,000** were recorded as a current liability on our unaudited condensed consolidated balance sheet at **June 28, 2024** **September 27, 2024**. Our assets that are earmarked to pay benefits under the plan are held in a rabbi trust and are subject to the claims of our creditors. As of **June 28, 2024** **September 27, 2024**, invested amounts under the plan of **\$106,295,000** **\$113,225,000** were recorded as a long-term asset on our unaudited condensed consolidated balance sheet. As of **June 28, 2024** **September 27, 2024**, invested amounts under the plan of **\$12,501,000** **\$13,569,000** were recorded as a current asset on our unaudited condensed consolidated balance sheet.

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On June 19, 2024, we entered into an agreement with the State of Arizona to extend our land lease for 15 years beginning on January 17, 2028. We are currently obligated to make payments under the lease of \$1,009,000 per year, which obligation will continue at that level until January 16, 2028. Beginning on January 17, 2028, our payments under the lease will increase to approximately \$6,183,000 per year for the 15-year extension term with adjustments to the annual rent payment in 2033 and 2038 based on the consumer price index. As a result of this extension, we added an additional right-of-use asset in exchange for an operating lease liability of \$48,683,000 during the second quarter of 2024.

As permitted under Delaware law, we have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The indemnification period covers all pertinent events and occurrences during the officer's or director's lifetime. The

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maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have director and officer insurance coverage that reduces our exposure and enables us to recover a portion of any future amounts paid.

#### Non-GAAP Financial Measures

Regulation G, Conditions for Use of Non-Generally Accepted Accounting Principles ("Non-GAAP") Financial Measures, and other U.S. Securities and Exchange Commission ("SEC") rules and regulations define and prescribe the conditions for use of Non-GAAP financial information. 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. We closely monitor two financial measures, EBITDA and EBITDAS, which meet the definition of Non-GAAP financial measures. We define EBITDA as net income before income taxes, net interest income, depreciation and amortization. We define EBITDAS as EBITDA before stock-based compensation. The Company regards EBITDA and EBITDAS as useful measures of operating performance 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. These measures are used to evaluate our financial results, develop budgets and determine employee compensation. These measures, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of the Non-GAAP measures to the nearest comparable GAAP measure is set forth below.

The following table shows EBITDA (determined as shown in the reconciliation table below) as a percentage of revenues before reimbursements for the three and six months ended June 28, 2024 September 27, 2024 and June 30, 2023 September 29, 2023:

(in thousands, except percentages)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Revenues before reimbursements	\$ 132,434	\$ 129,653	\$ 269,641	\$ 258,358	\$ 125,085	\$ 124,959	\$ 394,726	\$ 383,317
EBITDA	\$ 39,937	\$ 36,846	\$ 80,058	\$ 72,602	\$ 35,767	\$ 34,520	\$ 115,825	\$ 107,122
EBITDA as a % of revenues before reimbursements	30.2%	28.4%	29.7%	28.1%	28.6%	27.6%	29.3%	27.9%

The increase in EBITDA as a percentage of revenues before reimbursements during the second third quarter of 2024 as compared to the same period last year was primarily due to an increase in utilization and a decrease in general and administrative expenses. Our utilization increased to 75% during the second quarter of 2024 as compared to 69% during the same period last year. The increase in utilization was due to strong business activity for our reactive service offerings and our successful efforts to align resources with demand. The decrease in general and administrative expenses was due to a decrease in outside consulting expenses associated with a lower level of activity of content creation for our external website and a decrease in travel and meals due to the decrease in technical full-time equivalent employees.

The increase in EBITDA as a percentage of revenues before reimbursements during the first six months of 2024 as compared to the same period last year was primarily due to an increase in utilization and a decrease in general and administrative expenses. Our utilization increased to 75% 73% during the first six month third quarter of 2024 as compared to 70%

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during the same period last year. The increase in utilization was due to strong business activity for our reactive proactive service offerings to the consumer electronics and utilities sectors and our successful efforts to align resources with demand.

The increase in EBITDA as a percentage of revenues before reimbursements during the first nine months of 2024 as compared to the same period last year was primarily due to the increase in utilization and a decrease in general and administrative expenses partially offset by an increase in other operating expenses. Our utilization increased to 75% during the first nine months of 2024 as compared to 70% during the same period last year. The increase in utilization was due to a decrease in outside consulting expenses associated business activity across the consumer products and utilities sectors and our successful efforts to align resources with a lower level of activity of content creation for our external website and a decrease in travel and meals due to the decrease in technical full-time equivalent employees.

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The following table is a reconciliation of EBITDA and EBITDAS to the most comparable GAAP measure, net income, for the three and **six** **nine** months ended **June 28, 2024** **September 27, 2024** and **June 30, 2023** **September 29, 2023**:

(in thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net income	\$ 29,227	\$ 25,748	\$ 59,369	\$ 54,872	\$ 26,044	\$ 24,538	\$ 85,413	\$ 79,410
Add back (subtract):								
Income taxes	10,455	10,505	20,736	16,919	9,893	9,479	30,629	26,398
Interest income, net	(2,231)	(1,593)	(4,857)	(3,363)	(2,559)	(1,858)	(7,416)	(5,221)
Depreciation and amortization	2,486	2,186	4,810	4,174	2,389	2,361	7,199	6,535
EBITDA	39,937	36,846	80,058	72,602	35,767	34,520	115,825	107,122
Stock-based compensation	5,577	5,223	12,917	12,286	5,465	4,891	18,382	17,177
EBITDAS	\$ 45,514	\$ 42,069	\$ 92,975	\$ 84,888	\$ 41,232	\$ 39,411	\$ 134,207	\$ 124,299

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### Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate risk associated with our balances of cash and cash equivalents. We manage our interest rate risk by maintaining an investment portfolio primarily consisting of debt instruments with high credit quality and relatively short average effective maturities in accordance with our investment policy. The maximum effective maturity of any issue in our portfolio is 3 years and the maximum average effective maturity of the portfolio cannot exceed 12 months. If interest rates were to instantaneously increase or decrease by 100 basis points, the change in the fair market value of our portfolio of cash equivalents would not have a material impact on our financial statements. We do not use derivative financial instruments in our portfolio. There have not been any material changes during the period covered by this Quarterly Report on Form 10-Q to our interest rate risk exposures, or how these exposures are managed. Notwithstanding our efforts to manage interest rate risk, there can be no assurances that we will be adequately protected against the risks associated with interest rate fluctuations.

We have foreign currency risk related to our revenues and expenses denominated in currencies other than the U.S. dollar, primarily the British Pound, the Singapore Dollar, the Chinese Yuan, and the Hong Kong Dollar. Accordingly, changes in exchange rates may negatively affect the revenues and net income of our foreign subsidiaries as expressed in U.S. dollars.

At **June 28, 2024** **September 27, 2024**, we had net assets of approximately **\$19.5 million** **\$22.7 million** with a functional currency of the British Pound, net assets of approximately **\$3.8 million** **\$4.5 million** with a functional currency of the Singapore Dollar, net assets of approximately **\$1.9 million** **\$1.8 million** with a functional currency of the Chinese Yuan, and net assets of approximately **\$1.5 million** **\$0.7 million** with a functional currency of the Hong Kong Dollar associated with our operations in the United Kingdom, Singapore, China, and Hong Kong, respectively.

We also have foreign currency risk related to foreign currency transactions and monetary assets and liabilities denominated in currencies that are not the functional currency. We have experienced and will continue to experience fluctuations in our net income as a result of gains (losses) on these foreign currency transactions and the remeasurement of monetary assets and liabilities. At **June 28, 2024** **September 27, 2024**, we had net assets denominated in the non-functional currency of approximately **\$10.1 million** **\$11.8 million**.

We do not use foreign exchange contracts to hedge any foreign currency exposures. To date, the impacts of foreign currency exchange rate changes on our consolidated revenues and consolidated net income have not been significant. However, our continued international growth increases our exposure to exchange rate fluctuations and as a result such fluctuations could have a significant impact on our future results of operations.

### Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that, as of **June 28, 2024** **September 27, 2024**, the Company's disclosure controls and procedures were effective.

We review and evaluate the design and effectiveness of our disclosure controls and procedures on an ongoing basis, to improve our controls and procedures over time and to correct any deficiencies that we may discover in the future. Our goal is to ensure that our senior management has timely access to all material financial and non-financial information concerning our business. While we believe the present design of our disclosure controls and procedures is effective to achieve our goal, future events affecting our business may cause us to significantly modify our disclosure controls and procedures.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three-month period ended **June 28, 2024** **September 27, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

Exponent is not engaged in any material legal proceedings.

### Item 1A. Risk Factors

There have been no material changes from risk factors as previously discussed under the heading "Risk Factors" in the Company's 2023 Annual Report.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information on the Company's repurchases of the Company's common stock for the three months ended June 28, 2024 (in thousands, except price per share):

								Total	Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Programs (1)	
								Total			
								Number			
								of Shares Purchased			
March 30 to April 26								3	\$ 77.70	3	\$ 94,290
April 27 to May 24								-	-	-	\$ 94,290
May 25 to June 28								-	-	-	\$ 94,290
Total								3	\$ 77.70	3	\$ 94,290

(1) On February 22, 2022, the Company's Board of Directors announced \$150,000,000 for repurchase of the Company's common stock. On February 1, 2024, the Company's Board of Directors announced an additional \$61,610,000 for repurchase of the Company's common stock. These repurchase programs have no expiration date.

Repurchases of the Company's common stock were affected pursuant to a repurchase program authorized by the Company's Board of Directors. **None**

### Item 3. Defaults Upon Senior Securities

Not applicable.

#### Item 4. Mine Safety Disclosures

Not applicable.

#### Item 5. Other Information

##### Rule 10b5-1 Plans

**None** The following table summarizes the adoption by the Company's directors and officers of trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) during the three months ended September 27, 2024:

Name and Title	Adoption Date	Expiration Date	Aggregate Number of Securities to be Sold	Aggregate Number of Securities to be Purchased
Paul Johnston, Director	July 30, 2024	December 31, 2024	42,000	0

During the three months ended September 27, 2024, no pre-existing trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) were modified or terminated by the Company's directors and officers, and no other written trading arrangements that are not intended to qualify for the Rule 10b5-1(c) affirmative defense were adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during by the Company's fiscal quarter ended June 28, 2024, directors and officers.

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#### Item 6. Exhibits

##### (a) Exhibit Index

10.1	<a href="#">Notice of Election to Extend Lease between the Company and the Arizona State Land Department (incorporated by reference from the Company's Current Report on Form 8-K as filed on June 24, 2024)</a>
10.2	<a href="#">Exponent, Inc. Amended and Restated 2008 Equity Incentive Plan (filed as Appendix A to the Company's Schedule 14A on April 22, 2024)</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a – 14(a) under the Securities Exchange Act of 1934.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a – 14(a) under the Securities Exchange Act of 1934.</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.</a>
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema <a href="#">Embedded Document</a>
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase <a href="#">Documents Document</a>
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104	Cover page formatted as Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101 document)

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXONENT, INC.

(Registrant)

Date: **August 2, 2024** November 1, 2024

*/s/ Catherine Ford Corrigan*

Catherine Ford Corrigan, Ph.D., Chief Executive Officer

*/s/ Richard L. Schlenker*

Richard L. Schlenker, Chief Financial Officer

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**Exhibit 31.1**

#### CERTIFICATION

I, Catherine Ford Corrigan, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exponent, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the committee of the registrant's board of directors (or persons performing the equivalent function):
- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: **August 2, 2024** November 1, 2024

*/s/ Catherine Ford Corrigan*

Catherine Ford Corrigan, Ph.D.

Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**

I, Richard L. Schlenker, Jr. certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exponent, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: **August 2, 2024** November 1, 2024

*/s/ Richard L. Schlenker, Jr.*

Richard L. Schlenker, Jr.

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Exhibit 32.1

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Exponent, Inc. (the "Company") on Form 10-Q for the fiscal period ending **June 28, 2024** **September 27, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Catherine Ford Corrigan, Ph.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**August 2, 2024**

**Date: November 1, 2024**

**/s/ Catherine Ford Corrigan**  
Catherine Ford Corrigan, Ph.D.  
Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liability of that section. Such certification will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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Exhibit 32.2

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Exponent, Inc. (the "Company") on Form 10-Q for the fiscal period ending **June 28, 2024** **September 27, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard L. Schlenker, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 2, 2024

Date: November 1, 2024

/s/ Richard L. Schlenker, Jr.

Richard L. Schlenker, Jr.  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liability of that section. Such certification will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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