
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

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

Date of report (Date of earliest event reported): March 2, 2023

CRA INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction
of incorporation)

000-24049
(Commission
file number)

04-2372210
(IRS employer
identification no.)

200 Clarendon Street Boston, Massachusetts 02116
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: **(617) 425-3000**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, no par value	CRAI	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition.

On March 2, 2023, we issued a press release reporting our financial results for our fiscal quarter and fiscal year ended December 31, 2022. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On March 2, 2023, we also posted on our website supplemental financial information, including prepared CFO remarks. A copy of the supplemental financial information is set forth as Exhibit 99.2 and incorporated by reference herein.

The information contained in Item 2.02 of this report and Exhibits 99.1 and 99.2 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure.

On March 2, 2023, we announced that our board of directors declared a quarterly cash dividend on our common stock of \$0.36 per share to be paid on March 24, 2023 to all shareholders of record as of March 14, 2023. A copy of the press release is set forth as Exhibit 99.3 and is incorporated by reference herein.

The information contained in Item 7.01 of this report and Exhibit 99.3 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such a filing.

Item 8.01 Other Events.

On March 2, 2023, we announced that our board of directors authorized a \$20.0 million expansion to our existing share repurchase program.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Number</u>	<u>Title</u>
99.1	March 2, 2023 earnings press release
99.2	Supplemental financial information (prepared CFO remarks)
99.3	March 2, 2023 dividend press release
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

CRA INTERNATIONAL, INC.

Dated: March 2, 2023

By: /s/ DANIEL K. MAHONEY

Daniel K. Mahoney

Chief Financial Officer, Executive Vice President and Treasurer

Contacts:

Dan Mahoney
 Chief Financial Officer
 Charles River Associates
 617-425-3505

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**CHARLES RIVER ASSOCIATES (CRA) REPORTS
 FOURTH-QUARTER AND FULL-YEAR 2022 FINANCIAL RESULTS**

*Broad-based Contributions Drive Record Revenue and Profits in Fiscal 2022
 Fourth Quarter Revenue Increases 7.6% Year Over Year
 Board Expands Share Repurchase Authorization by \$20 Million*

BOSTON, March 2, 2023 – Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing economic, financial and management consulting services, today announced financial results for the fourth quarter and fiscal year ended December 31, 2022.

“CRA once again set financial highs as fiscal 2022 topped a record-setting fiscal 2021,” said Paul Maleh, CRA’s President and Chief Executive Officer. “For the quarter, we continued to see broad-based strength across our portfolio. Reported revenue increased 7.6% compared with the fourth quarter of fiscal 2021 to \$145.0 million. On a constant currency basis, revenue in the fourth quarter would have been higher by \$4.4 million, or an additional 3.3% of year-over-year growth. Leading the way with double-digit revenue growth were six practices: Auctions & Competitive Bidding, Finance, Financial Economics, Intellectual Property, Labor & Employment, and Risk, Investigations & Analytics. Geographically, we saw balanced contributions from our North American and international operations, which grew fourth quarter revenue year over year by 8.2% and 5.4%, respectively.”

Highlights for Fourth-Quarter Fiscal 2022

- Revenue grew 7.6% year over year to \$145.0 million.
- Utilization was 74%, and quarter-end headcount increased 9.1% year over year.
- Net income increased 0.1% year over year to \$8.7 million, or 6.0% of revenue, compared with \$8.7 million, or 6.4% of revenue, in the fourth quarter of fiscal 2021; non-GAAP net income increased 0.7% year over year to \$8.7 million, or 6.0% of revenue, compared with \$8.7 million, or 6.4% of revenue, in the fourth quarter of fiscal 2021.
- Earnings per diluted share increased 4.4% year over year to \$1.19; non-GAAP earnings per diluted share increased 4.4% year over year to \$1.19.
- Non-GAAP EBITDA decreased 4.0% to \$14.6 million, or 10.1% of revenue, compared with \$15.2 million, or 11.3% of revenue, in the fourth quarter of fiscal 2021.
- Net income, earnings per diluted share, and non-GAAP EBITDA were negatively impacted by a non-operating foreign currency loss of approximately \$1.7 million related to net losses on foreign denominated transactions and the revaluation of working capital balances.
- On a constant currency basis relative to the fourth quarter of fiscal 2021, revenue, GAAP net income, and earnings per diluted share would have been higher by \$4.4 million, \$0.8 million, and \$0.11 per diluted share, respectively. Non-GAAP net income, non-GAAP earnings per diluted share, and non-GAAP EBITDA would have been higher by \$0.9 million, \$0.12 per diluted share, and \$1.1 million, respectively.
- CRA returned \$2.7 million of capital to its shareholders, consisting of \$2.7 million in dividend payments.

Highlights for Full-Year Fiscal 2022

- Revenue grew 4.4% year over year to \$590.9 million with company-wide utilization of 75%.
- GAAP net income increased 4.7% year over year to \$43.6 million, or 7.4% of revenue, or \$5.91 per diluted share, compared with \$41.7 million, or 7.4% of revenue, or \$5.45 per diluted share for the full year fiscal 2021. Non-GAAP net income increased 4.5% year over year to \$43.8 million, or 7.4% of revenue, or \$5.94 per diluted share, compared with \$42.0 million, or 7.4% of revenue, or \$5.49 per diluted share for the full year fiscal 2021.
- Non-GAAP EBITDA grew 6.6% to \$72.9 million, or 12.3% of revenue, compared with \$68.4 million, or 12.1% of revenue, in fiscal 2021.

- Net income, earnings per diluted share, and non-GAAP EBITDA were positively impacted by a non-operating foreign currency gain of approximately \$1.9 million related to net gains on foreign denominated transactions and the revaluation of working capital balances.
- On a constant currency basis relative to fiscal 2021, revenue, GAAP net income, and earnings per diluted share would have been higher by \$12.6 million, \$1.9 million, and \$0.25 per diluted share, respectively. Non-GAAP net income, non-GAAP earnings per diluted share, and non-GAAP EBITDA would have been higher by \$1.9 million, \$0.25 per diluted share, and \$2.4 million, respectively.
- For fiscal 2022, CRA returned \$37.2 million of capital to its shareholders, consisting of \$9.6 million of dividend payments and \$27.6 million for share repurchases of approximately 320,000 shares.

Management Commentary and Financial Guidance

“CRA reported revenue for fiscal 2022 of \$590.9 million, or \$603.5 million on a constant currency basis after adjusting for \$12.6 million of currency headwinds,” said Maleh. “Full-year, non-GAAP EBITDA was \$72.9 million, or \$75.3 million on a constant currency basis after adjusting for \$2.4 million of currency headwinds. Non-GAAP EBITDA margin was 12.5% on a constant currency basis.”

“Our fiscal 2022 financial performance demonstrates our continued strength in the marketplace. For full-year fiscal 2023, on a constant currency basis relative to fiscal 2022, we expect revenue in the range of \$615 million to \$640 million, and non-GAAP EBITDA margin in the range of 10.8% to 11.5%. Our margin guidance takes into account a refinement to our approach for the coming year. Reflecting on our investor communications and financial results over the past several years, starting in the first quarter of 2023, we will be modifying our presentation of non-GAAP EBITDA to exclude non-operating foreign currency gains and losses related to foreign denominated transactions and the revaluation of working capital balances. Under this revised definition, CRA’s non-GAAP EBITDA margin on a constant currency basis was 12.2% for each of fiscal years 2021 and 2022. While we are pleased with CRA’s strong performance in 2022 and are confident we can maintain our current momentum, we remain mindful that uncertain global macroeconomic, business, public health, and political conditions can affect our business.”

CRA does not provide reconciliations of its annual non-GAAP EBITDA margin guidance to GAAP net income margin because the Company is unable to estimate with reasonable certainty unusual gains or charges, foreign currency exchange rates, and the resulting effect of these items, and of equity awards, on CRA’s taxes without unreasonable effort. These items are uncertain, depend on various factors, and may have a material effect on CRA’s results computed in accordance with GAAP. A reconciliation between the historical GAAP and non-GAAP financial measures presented in this release is provided in the financial tables at the end of this release.

Share Repurchase Expansion and Quarterly Dividend

On March 1, 2023, CRA’s Board of Directors authorized a \$20.0 million expansion of the Company’s existing share repurchase program, in addition to the \$22.9 million currently remaining under the program. CRA may repurchase shares of its common stock in the open market or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. The timing, amount and extent to which CRA repurchases shares will depend upon market conditions and other factors it may consider in its sole discretion.

The Board of Directors also authorized a quarterly cash dividend of \$0.36 per common share, payable on March 24, 2023 to shareholders of record as of March 14, 2023. CRA expects to continue paying quarterly dividends, the declaration, timing and amounts of which remain subject to the discretion of CRA’s Board of Directors.

Conference Call Information and Prepared CFO Remarks

CRA will host a conference call today at 10:00 a.m. ET to discuss its fourth-quarter and fiscal-year 2022 financial results. To listen to the live call, please visit the “[Investor Relations](#)” section of CRA’s website at <http://www.crai.com>, or dial (877) 709-8155 or (201) 689-8881. An [archived](#) version of the webcast will be available on CRA’s website for one year.

In combination with this press release, CRA has posted prepared remarks by its CFO Dan Mahoney under “Quarterly Earnings” in the “[Investor Relations](#)” section on CRA’s website at <http://www.crai.com>. These remarks are offered to provide the investment community with additional background on CRA’s financial results prior to the start of the conference call.

About Charles River Associates (CRA)

Charles River Associates® is a leading global consulting firm specializing in [economic, financial, and management consulting services](#). CRA advises clients on economic and financial matters pertaining to litigation and regulatory proceedings, and guides corporations through critical business strategy and performance-related issues. Since 1965, clients have engaged CRA for its unique combination of functional expertise and industry knowledge, and for its objective solutions to complex problems. Headquartered in

Boston, CRA has offices throughout the world. Detailed information about Charles River Associates, a registered trade name of CRA International, Inc., is available at www.crai.com. Follow us on [LinkedIn](#), [Twitter](#), and [Facebook](#).

NON-GAAP FINANCIAL MEASURES

In this release, CRA has supplemented the presentation of its financial results calculated in accordance with U.S. generally accepted accounting principles or “GAAP” with the following financial measures that are not calculated in accordance with GAAP: non-GAAP net income, non-GAAP net income per share and non-GAAP EBITDA. CRA believes that the non-GAAP financial measures described in this press release are important to management and investors because these measures supplement the understanding of CRA’s ongoing operating results and financial condition. In addition, these non-GAAP measures are used by CRA in its budgeting process, and the non-GAAP adjustments are made to the performance measures for some of CRA’s performance-based compensation.

As used herein, CRA defines non-GAAP EBITDA as net income before interest expense (net), income taxes, and depreciation and amortization further adjusted for the impact of certain items that we do not consider indicative of our core operating performance, such as non-cash amounts relating to valuation changes in contingent consideration and related tax effects. Non-GAAP net income and non-GAAP net income per share also exclude non-cash amounts relating to valuation changes in contingent consideration, acquisition-related costs, and related tax effects. This release also presents certain current fiscal period financial measures on a “constant currency” basis in order to isolate the effect that foreign currency exchange rate fluctuations can have on CRA’s financial results. These constant currency measures are determined by recalculating the current fiscal period local currency financial measure using the specified corresponding prior fiscal period’s foreign exchange rates.

All of the non-GAAP financial measures referred to above should be considered in conjunction with, and not as a substitute for, the GAAP financial information presented in this release. EBITDA and the financial measures identified in this release as “non-GAAP” are reconciled to their GAAP comparable measures in the financial tables appended to the end of this press release. In evaluating these non-GAAP financial measures, note that the non-GAAP financial measures used by CRA may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

SAFE HARBOR STATEMENT

Statements in this press release concerning our future business, operating results and financial condition, including those concerning guidance on future revenue and non-GAAP EBITDA margin, the impact of exchange rate fluctuations on our financial results, our expectations regarding continued growth, our expectations regarding the payment of any future quarterly dividends and the level and extent of any purchases under our expanded share repurchase program, and statements using the terms “outlook,” “expect,” or similar expressions, are “forward-looking” statements as defined in Section 21 of the Exchange Act. These statements are based upon our current expectations and various underlying assumptions. Although we believe there is a reasonable basis for these statements and assumptions, and these statements are expressed in good faith, these statements are subject to a number of additional factors and uncertainties. Our actual revenue and non-GAAP EBITDA margin in fiscal 2023 on a constant currency basis relative to fiscal 2022 could differ materially from the guidance presented herein, and our actual performance and results may differ materially from the performance and results contained in or implied by the forward-looking statements made herein, due to many important factors. These factors include, but are not limited to, 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; our ability to attract and retain key employee or non-employee experts; the inability to integrate and utilize existing consultants and personnel; the decline or reduction in project work or activity; global economic conditions including less stable political and economic environments; the impact of epidemics or pandemics such as the COVID-19 pandemic outbreak; foreign currency exchange rate fluctuations; unanticipated expenses and liabilities; risks inherent in international operations; changes in tax law or accounting standards, rules, and regulations; our ability to collect on forgivable loans should any become due; and professional and other legal liability or settlements. Additional risks and uncertainties are discussed in our periodic filings with the Securities and Exchange Commission under the heading “Risk Factors.” The inclusion of such forward-looking information should not be regarded as our representation that the future events, plans, or expectations contemplated will be achieved. Except as may be required by law, we undertake no obligation to update any forward-looking statements after the date of this press release, and we do not intend to do so.

CRA INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
DECEMBER 31, 2022 COMPARED TO JANUARY 1, 2022
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Revenues	\$ 144,976	100.0 %	\$ 134,766	100.0 %	\$ 590,901	100.0 %	\$ 565,933	100.0 %
Cost of services (exclusive of depreciation and amortization)	100,678	69.4 %	93,658	69.5 %	410,081	69.4 %	400,054	70.7 %
Selling, general and administrative expenses	28,060	19.4 %	25,633	19.0 %	110,087	18.6 %	97,372	17.2 %
Depreciation and amortization	2,936	2.0 %	3,111	2.3 %	11,996	2.0 %	12,768	2.3 %
Income from operations	13,302	9.2 %	12,364	9.2 %	58,737	9.9 %	55,739	9.8 %
Interest expense, net	(484)	-0.3 %	(179)	-0.1 %	(1,826)	-0.3 %	(970)	-0.2 %
Foreign currency gains (losses), net	(1,677)	-1.2 %	(241)	-0.2 %	1,889	0.3 %	(494)	-0.1 %
Income before provision for income taxes	11,141	7.7 %	11,944	8.9 %	58,800	10.0 %	54,275	9.6 %
Provision for income taxes	2,468	1.7 %	3,277	2.4 %	15,181	2.6 %	12,596	2.2 %
Net income	<u>\$ 8,673</u>	<u>6.0 %</u>	<u>\$ 8,667</u>	<u>6.4 %</u>	<u>\$ 43,619</u>	<u>7.4 %</u>	<u>\$ 41,679</u>	<u>7.4 %</u>
Net income per share:								
Basic	<u>\$ 1.21</u>		<u>\$ 1.17</u>		<u>\$ 6.02</u>		<u>\$ 5.59</u>	
Diluted	<u>\$ 1.19</u>		<u>\$ 1.14</u>		<u>\$ 5.91</u>		<u>\$ 5.45</u>	
Weighted average number of shares outstanding:								
Basic	<u>7,129</u>		<u>7,373</u>		<u>7,218</u>		<u>7,423</u>	
Diluted	<u>7,293</u>		<u>7,555</u>		<u>7,355</u>		<u>7,621</u>	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
DECEMBER 31, 2022 COMPARED TO JANUARY 1, 2022
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Revenues	\$ 144,976	100.0 %	\$ 134,766	100.0 %	\$ 590,901	100.0 %	\$ 565,933	100.0 %
Net income	\$ 8,673	6.0 %	\$ 8,667	6.4 %	\$ 43,619	7.4 %	\$ 41,679	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	—	— %	—	— %	—	— %	380	0.1 %
Acquisition-related costs	69	— %	—	— %	302	0.1 %	—	— %
Tax effect on adjustments	(18)	— %	—	— %	(80)	— %	(103)	— %
Non-GAAP net income	\$ 8,724	6.0 %	\$ 8,667	6.4 %	\$ 43,841	7.4 %	\$ 41,956	7.4 %
Non-GAAP net income per share:								
Basic	\$ 1.22		\$ 1.17		\$ 6.05		\$ 5.63	
Diluted	\$ 1.19		\$ 1.14		\$ 5.94		\$ 5.49	
Weighted average number of shares outstanding:								
Basic	7,129		7,373		7,218		7,423	
Diluted	7,293		7,555		7,355		7,621	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
DECEMBER 31, 2022 COMPARED TO JANUARY 1, 2022
(IN THOUSANDS)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Revenues	\$ 144,976	100.0 %	\$ 134,766	100.0 %	\$ 590,901	100.0 %	\$ 565,933	100.0 %
Net income	\$ 8,673	6.0 %	\$ 8,667	6.4 %	\$ 43,619	7.4 %	\$ 41,679	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	—	— %	—	— %	—	— %	380	0.1 %
Acquisition-related costs	69	— %	—	— %	302	0.1 %	—	— %
Tax effect on adjustments	(18)	— %	—	— %	(80)	— %	(103)	— %
Non-GAAP net income	\$ 8,724	6.0 %	\$ 8,667	6.4 %	\$ 43,841	7.4 %	\$ 41,956	7.4 %
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:								
Interest expense, net	484	0.3 %	179	0.1 %	1,826	0.3 %	970	0.2 %
Provision for income taxes	2,486	1.7 %	3,277	2.4 %	15,261	2.6 %	12,699	2.2 %
Depreciation and amortization	2,936	2.0 %	3,111	2.3 %	11,996	2.0 %	12,768	2.3 %
Non-GAAP EBITDA	\$ 14,630	10.1 %	\$ 15,234	11.3 %	\$ 72,924	12.3 %	\$ 68,393	12.1 %

CRA INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	December 31, 2022	January 1, 2022
Assets		
Cash and cash equivalents	\$ 31,447	\$ 66,130
Accounts receivable and unbilled services, net	194,987	162,057
Other current assets	22,426	21,160
Total current assets	248,860	249,347
Property and equipment, net	45,582	53,612
Goodwill and intangible assets, net	101,510	93,117
Right-of-use assets	96,725	110,475
Other assets	58,240	48,809
Total assets	\$ 550,917	\$ 555,360
Liabilities and Shareholders' Equity		
Accounts payable	\$ 27,584	\$ 23,511
Accrued expenses	155,864	156,314
Current portion of lease liabilities	15,972	14,337
Other current liabilities	17,705	18,924
Total current liabilities	217,125	213,086
Non-current portion of lease liabilities	106,008	124,464
Other non-current liabilities	16,630	11,976
Total liabilities	339,763	349,526
Total shareholders' equity	211,154	205,834
Total liabilities and shareholders' equity	\$ 550,917	\$ 555,360

CRA INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Year Ended	
	December 31, 2022	January 1, 2022
Operating activities:		
Net income	\$ 43,619	\$ 41,679
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquired businesses:		
Non-cash items, net	30,490	30,044
Accounts receivable and unbilled services	(30,311)	(10,452)
Working capital items, net	(18,677)	14,427
Net cash provided by operating activities	25,121	75,698
Investing activities:		
Purchases of property and equipment	(3,813)	(2,623)
Consideration paid for acquisitions, net	(14,352)	—
Net cash used in investing activities	(18,165)	(2,623)
Financing activities:		
Issuance of common stock, principally stock options exercises	1,411	5,157
Borrowings under revolving line of credit	126,000	74,000
Repayments under revolving line of credit	(126,000)	(74,000)
Payments for debt issuance costs	(1,008)	—
Tax withholding payments reimbursed by shares	(2,145)	(1,528)
Cash paid for contingent consideration	—	(2,357)
Cash dividends paid	(9,580)	(8,289)
Repurchase of common stock	(27,630)	(44,976)
Net cash used in financing activities	(38,952)	(51,993)
Effect of foreign exchange rates on cash and cash equivalents	(2,687)	(629)
Net increase (decrease) in cash and cash equivalents	(34,683)	20,453
Cash and cash equivalents at beginning of period	66,130	45,677
Cash and cash equivalents at end of period	\$ 31,447	\$ 66,130
Noncash investing and financing activities:		
Increase (decrease) in accounts payable and accrued expenses for property and equipment	\$ (268)	\$ 8
Right-of-use assets obtained in exchange for lease obligations	\$ 2,436	\$ 1,751
Restricted common stock issued for contingent consideration	\$ —	\$ 2,250
Supplemental cash flow information:		
Cash paid for taxes	\$ 15,646	\$ 14,953
Cash paid for interest	\$ 1,579	\$ 727
Cash paid for amounts included in operating lease liabilities	\$ 21,306	\$ 20,823



**CHARLES RIVER ASSOCIATES (CRA)
FOURTH QUARTER AND FISCAL YEAR 2022
EARNINGS ANNOUNCEMENT
PREPARED CFO REMARKS**

CRA is providing these prepared remarks by CFO Dan Mahoney in combination with its press release. These remarks are offered to provide the investment community with additional information on CRA's financial results prior to the start of the conference call.

As previously announced, the conference call will be held March 2, 2023 at 10:00 a.m. ET. These prepared remarks will not be read on the call.

Q4 Fiscal 2022 Summary (Quarter ended December 31, 2022)

- Revenue: \$145.0 million
- Net income and non-GAAP net income: \$8.7 million, or 6.0% of revenue
- Net income per diluted share and non-GAAP net income per diluted share: \$1.19
- Operating margin and non-GAAP operating margin: 9.2%
- Non-GAAP EBITDA: \$14.6 million, or 10.1% of revenue
- Effective tax rate and non-GAAP effective tax rate: 22.2%
- Utilization: 74%
- Consultant headcount at the end of Q4 of fiscal 2022: 939, which consists of 149 officers, 496 other senior staff and 294 junior staff
- Cash and cash equivalents: \$31.4 million at December 31, 2022
- Revolving credit facility borrowing capacity: \$195.6 million at December 31, 2022

Fiscal Year 2022 Summary (Fiscal Year ended December 31, 2022)

- Revenue: \$590.9 million
- Net income: \$43.6 million, or 7.4% of revenue; non-GAAP net income: \$43.8 million, or 7.4% of revenue
- Net income per diluted share: \$5.91; non-GAAP net income per diluted share: \$5.94
- Operating margin: 9.9%; non-GAAP operating margin: 10.0%
- Non-GAAP EBITDA: \$72.9 million, or 12.3% of revenue
- Effective tax rate and non-GAAP effective tax rate: 25.8%
- Utilization: 75%

Revenue

For Q4 of fiscal 2022, revenue was \$145.0 million, compared with \$134.8 million for Q4 of fiscal 2021.

For the full year fiscal 2022, revenue was \$590.9 million, compared with \$565.9 million for the full year fiscal 2021.

Headcount

The following table outlines CRA's consultant headcount at the end of the stated quarters:

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Officers	149	146	145	146	140
Other Senior Staff	496	481	475	505	477
Junior Staff	294	284	243	227	244
Total	939	911	863	878	861

Utilization

For Q4 of fiscal 2022, company-wide utilization was 74%, compared with 72% for Q4 fiscal 2021.

For the full year fiscal 2022, company-wide utilization was 75%, compared with 74% for the full year fiscal 2021.

Client Reimbursables

For Q4 of fiscal 2022, client reimbursables were \$15.7 million, or 10.8% of revenue, compared with \$15.2 million, or 11.2% of revenue, for Q4 of fiscal 2021.

For the full year fiscal 2022, client reimbursables were \$63.3 million, or 10.7% of revenue, compared with \$64.5 million, or 11.4% of revenue, for the full year fiscal 2021.

Contingent Liability

CRA recorded a contingent consideration obligation during Q4 of fiscal 2022 of \$1.1 million. A change in the value of the contingent liability is recorded as an adjustment to cost of services (exclusive of depreciation and amortization) in the period reported.

Selling, General and Administrative (SG&A) Expenses

For Q4 of fiscal 2022, SG&A expenses were \$28.1 million, or 19.4% of revenue, compared with \$25.6 million, or 19.0% of revenue, for Q4 of fiscal 2021. Commissions to non-employee experts are included in SG&A expenses. These commissions represented approximately 2.6% of revenue for Q4 of fiscal 2022, compared with 2.9% in Q4 of fiscal 2021. Excluding these commissions, SG&A expenses were 16.7% of revenue for Q4 of fiscal 2022, compared with 16.1% in Q4 of fiscal 2021.

\$ in 000's	Fiscal Quarter Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
SG&A expenses	\$ 28,060	19.4 %	\$ 25,633	19.0 %
Less: commissions to non-employee experts	3,809	2.6 %	3,880	2.9 %
SG&A expenses excluding commissions	\$ 24,251	16.7 %	\$ 21,753	16.1 %

For the full year fiscal 2022, SG&A expenses were \$110.1 million, or 18.6% of revenue, compared with \$97.4 million, or 17.2% of revenue, for the full year fiscal 2021. Commissions to non-employee experts are included in SG&A expenses. These commissions represented approximately 3.1% of revenue for fiscal year 2022, compared with 3.0% in fiscal year 2021. Excluding these commissions, SG&A expenses were 15.5% of revenue for the full year fiscal 2022, compared with 14.2% for the full year fiscal 2021.

\$ in 000's	Fiscal Year Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
SG&A expenses	\$ 110,087	18.6 %	\$ 97,372	17.2 %
Less: commissions to non-employee experts	18,295	3.1 %	16,803	3.0 %
SG&A expenses excluding commissions	\$ 91,792	15.5 %	\$ 80,569	14.2 %

Depreciation & Amortization

For Q4 of fiscal 2022, depreciation and amortization expenses amounted to \$2.9 million, or 2.0% of revenue, compared with \$3.1 million, or 2.3% of revenue, for Q4 of fiscal 2021.

For the full year fiscal 2022, depreciation and amortization expenses amounted to \$12.0 million, or 2.0% of revenue, compared with \$12.8 million, or 2.3% of revenue, for the full year fiscal 2021.

Forgivable Loan Amortization

For Q4 of fiscal 2022, forgivable loan amortization was \$9.3 million, or 6.4% of revenue, compared with \$8.5 million, or 6.3% of revenue, for Q4 of fiscal 2021.

For the full year fiscal 2022, forgivable loan amortization was \$34.9 million, or 5.9% of revenue, compared with \$32.8 million, or 5.8% of revenue, for the full year fiscal 2021.

Share-Based Compensation Expense

For Q4 of fiscal 2022, share-based compensation expense was approximately \$1.2 million, or 0.8% of revenue, compared with \$1.3 million, or 0.9% of revenue, for Q4 of fiscal 2021.

For the full year fiscal 2022, share-based compensation expense was approximately \$4.8 million, or 0.8% of revenue, compared with \$4.1 million, or 0.7% of revenue, for the full year fiscal 2021.

Operating Income

For Q4 of fiscal 2022, operating income was \$13.3 million, or 9.2% of revenue, compared with operating income of \$12.4 million, or 9.2% of revenue, for Q4 of fiscal 2021. Non-GAAP operating income was \$13.4 million, or 9.2% of revenue, for Q4 of fiscal 2022, compared with \$12.4 million, or 9.2% of revenue, for Q4 of fiscal 2021.

\$ in 000's	Fiscal Quarter Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Income from operations	\$ 13,302	9.2 %	\$ 12,364	9.2 %
Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations:				
Acquisition-related costs	69	— %	—	— %
Non-GAAP income from operations	<u>\$ 13,371</u>	<u>9.2 %</u>	<u>\$ 12,364</u>	<u>9.2 %</u>

For the full year fiscal 2022, operating income was \$58.7 million, or 9.9% of revenue, compared with operating income of \$55.7 million, or 9.8% of revenue, for the full year fiscal 2021. Non-GAAP operating income was \$59.0 million, or 10.0% of revenue, for the full year fiscal 2022, compared with \$56.1 million, or 9.9% of revenue, for the full year fiscal 2021.

\$ in 000's	Fiscal Year Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Income from operations	\$ 58,737	9.9 %	\$ 55,739	9.8 %
Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations:				
Non-cash valuation change in contingent consideration	—	— %	380	0.1 %
Acquisition-related costs	302	0.1 %	—	— %
Non-GAAP income from operations	<u>\$ 59,039</u>	<u>10.0 %</u>	<u>\$ 56,119</u>	<u>9.9 %</u>

Interest Income (Expense), net

For Q4 of fiscal 2022, net interest expense was \$0.5 million, or 0.3% of revenue, compared with net interest expense of \$0.2 million, or 0.1% of revenue, for Q4 of fiscal 2021.

For the full year fiscal 2022, net interest expense was \$1.8 million, or 0.3% of revenue, compared with net interest expense of \$1.0 million, or 0.2% of revenue, for the full year fiscal 2021.

Foreign Currency Gains (Losses), net

For Q4 of fiscal 2022, net foreign currency losses were \$1.7 million, or 1.2% of revenue, compared with net foreign currency losses, of \$0.2 million, or 0.2% of revenue, for Q4 of fiscal 2021.

For the full year fiscal 2022, net foreign currency gains were \$1.9 million, or 0.3% of revenue, compared with net foreign currency losses of \$0.5 million, or 0.1% of revenue, for the full year fiscal 2021.

Foreign currency gains (losses), net, is comprised of net gains and losses on foreign denominated transactions and the revaluation of working capital balances.

Income Taxes

The following table outlines CRA's income tax provision recorded and the resulting effective tax rates:

\$ in 000's	GAAP		Non-GAAP	
	Fiscal Quarter Ended		Fiscal Quarter Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
Tax Provision	\$ 2,468	\$ 3,277	\$ 2,486	\$ 3,277
Effective Tax Rate	22.2 %	27.4 %	22.2 %	27.4 %

\$ in 000's	GAAP		Non-GAAP	
	Fiscal Year Ended		Fiscal Year Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
Tax Provision	\$ 15,181	\$ 12,596	\$ 15,261	\$ 12,699
Effective Tax Rate	25.8 %	23.2 %	25.8 %	23.2 %

\$ in 000's	Fiscal Quarter Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
	Income before provision for income taxes	\$ 11,141	7.7 %	\$ 11,944
Adjustments needed to reconcile GAAP income before provision for income taxes to non-GAAP income before provision for income taxes				
Acquisition-related costs	69	— %	—	— %
Non-GAAP income before provision for income taxes	\$ 11,210	7.7 %	\$ 11,944	8.9 %
GAAP provision for income taxes	\$ 2,468		\$ 3,277	
Tax effect on non-GAAP adjustments	18		—	
Non-GAAP provision for income taxes	\$ 2,486		\$ 3,277	

\$ in 000's	Fiscal Year Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
	Income before provision for income taxes	\$ 58,800	10.0 %	\$ 54,275
Adjustments needed to reconcile GAAP income before provision for income taxes to non-GAAP income before provision for income taxes				
Non-cash valuation change in contingent consideration	—	— %	380	0.1 %
Acquisition-related costs	302	0.1 %	—	— %
Non-GAAP income before provision for income taxes	\$ 59,102	10.0 %	\$ 54,655	9.7 %
GAAP provision for income taxes	\$ 15,181		\$ 12,596	
Tax effect on non-GAAP adjustments	80		103	
Non-GAAP provision for income taxes	\$ 15,261		\$ 12,699	

Net Income

For Q4 of fiscal 2022, net income was \$8.7 million, or 6.0% of revenue, or \$1.19 per diluted share, compared with net income of \$8.7 million, or 6.4% of revenue, or \$1.14 per diluted share, for Q4 of fiscal 2021. Non-GAAP net income for Q4 of fiscal 2022 was \$8.7 million, or 6.0% of revenue, or \$1.19 per diluted share, compared with \$8.7 million, or 6.4% of revenue, or \$1.14 per diluted share, for Q4 of fiscal 2021.

For the full year fiscal 2022, net income was \$43.6 million, or 7.4% of revenue, or \$5.91 per diluted share, compared with net income of \$41.7 million, or 7.4% of revenue, or \$5.45 per diluted share, for the full year fiscal 2021. Non-GAAP net income for the full year fiscal 2022 was \$43.8 million, or 7.4% of revenue, or \$5.94 per diluted share, compared with \$42.0 million, or 7.4% of revenue, or \$5.49 per diluted share, for the full year fiscal 2021.

Non-GAAP EBITDA

For Q4 of fiscal 2022, non-GAAP EBITDA was \$14.6 million, or 10.1% of revenue, compared with \$15.2 million, or 11.3% of revenue, for Q4 of fiscal 2021.

For the full year fiscal 2022, non-GAAP EBITDA was \$72.9 million, or 12.3% of revenue, compared with \$68.4 million, or 12.1% of revenue, for the full year fiscal 2021.

Constant Currency Basis

For Q4 of fiscal 2022, revenue was \$145.0 million, and net income was \$8.7 million, or 6.0% of revenue, or \$1.19 per diluted share. On a constant currency basis relative to Q4 of fiscal 2021, Q4 of fiscal 2022 revenue would have been higher by \$4.4 million to \$149.4 million; GAAP net income would have increased by \$0.8 million to \$9.5 million, or 6.4% of revenue; and earnings per diluted share would have increased by \$0.11 to \$1.30 per diluted share.

For Q4 of fiscal 2022, revenue was \$145.0 million and non-GAAP net income was \$8.7 million, or 6.0% of revenue, or \$1.19 per diluted share. On a constant currency basis relative to Q4 of fiscal 2021, Q4 of fiscal 2022 revenue would have been higher by \$4.4 million to \$149.4 million, non-GAAP net income would have increased by \$0.9 million to \$9.6 million, or 6.4% of revenue; non-GAAP earnings per diluted share would have increased by \$0.12 to \$1.31 per diluted share; and non-GAAP EBITDA would have increased by \$1.1 million to \$15.7 million, or 10.5% of revenue.

Full year fiscal 2022, revenue was \$590.9 million, and net income was \$43.6 million, or 7.4% of revenue, or \$5.91 per diluted share. On a constant currency basis relative to full year fiscal 2021, full year fiscal 2022 revenue would have been higher by \$12.6 million to \$603.5 million; GAAP net income would have increased by \$1.9 million to \$45.5 million, or 7.5% of revenue; and earnings per diluted share would have increased by \$0.25 to \$6.16 per diluted share.

Full year fiscal 2022, revenue was \$590.9 million and non-GAAP net income was \$43.8 million, or 7.4% of revenue, or \$5.94 per diluted share. On a constant currency basis relative to full year fiscal 2021, full year fiscal 2022 revenue would have been higher by \$12.6 million to \$603.5 million; non-GAAP net income would have increased by \$1.9 million to \$45.7 million, or 7.6% of revenue; non-GAAP earnings per diluted share would have increased by \$0.25 to \$6.19 per diluted share; and non-GAAP EBITDA would have increased by \$2.4 million to \$75.3 million, or 12.5% of revenue.

A description of the process for calculating the measures presented on a constant currency basis is contained under the heading “Non-GAAP Financial Measures” below.

Key Balance Sheet Metrics

Billed and unbilled receivables at December 31, 2022 were \$195.0 million, compared with \$162.1 million at January 1, 2022. Current liabilities at December 31, 2022 were \$217.1 million, compared with \$213.1 million at January 1, 2022.

Total Days Sales Outstanding, or DSO, for Q4 of fiscal 2022 was 114 days, consisting of 82 days of billed and 32 days of unbilled. This compares with 101 days reported for Q4 of fiscal 2021, consisting of 70 days of billed and 31 days of unbilled.

Cash and Cash Flow

Cash and cash equivalents were \$31.4 million at December 31, 2022, compared with \$66.1 million at January 1, 2022.

Net cash provided by operating activities for Q4 of fiscal 2022 was \$60.1 million, compared with net cash provided by operating activities of \$61.8 million for Q4 of fiscal 2021. For the full year fiscal 2022, net cash provided by operating activities was \$25.1 million, compared with \$75.7 million for the full year 2021.

As of December 31, 2022, and January 1, 2022, there were no outstanding borrowings under CRA’s revolving credit facility.

Capital expenditures totaled \$0.8 million for Q4 of fiscal 2022, compared with \$0.9 million for Q4 of fiscal 2021. Capital expenditures totaled \$3.8 million during full year fiscal 2022, compared with \$2.6 million during full year fiscal 2021.

During the full year fiscal 2022, approximately 320,000 shares of common stock were repurchased for \$27.6 million, compared with the full year fiscal 2021 when approximately 609,000 shares of common stock repurchased for \$45.0 million, including transaction costs.

A quarterly cash dividend of \$0.36 per common share, for total dividends and dividend equivalents of \$2.7 million was paid in Q4 of fiscal 2022, compared with a quarterly cash dividend of \$0.31 per common share, for total dividends and dividend equivalents of \$2.4 million paid in Q4 of fiscal 2021. During the full year fiscal 2022, \$9.6 million of dividends and dividend equivalents were paid, compared with \$8.3 million paid during the full year fiscal 2021.

GAAP Condensed Consolidated Statement of Cash Flows

CRA has derived the condensed consolidated statement of cash flow data for the fourth quarters and the years ended December 31, 2022 and January 1, 2022 from its audited financial statements appearing on Form 10-K for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission on March 2, 2023. The condensed consolidated statement of cash flow data for the first, second and third quarters of fiscal years 2022 and 2021 have been derived from CRA’s unaudited financial statements appearing on Form 10-Q for each of the respective fiscal quarters, as well as the consolidated statements of cash flows appearing on Form 10-K for the fiscal years ended December 31, 2022 and January 1, 2022, and have been prepared on the same basis as CRA’s audited financial statements.

GAAP Condensed Consolidated Statement of Cash Flows
(\$ in 000's)

	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net cash provided by (used in) operating activities	\$ 25,121	\$ 60,136	\$ 43,797	\$ (16,974)	\$ (61,838)
Net cash used in investing activities	(18,165)	(4,981)	(932)	(267)	(11,985)
Net cash provided by (used in) financing activities	(38,952)	(48,212)	(32,840)	(10,011)	52,111
Effect of foreign exchange rates on cash and cash equivalents	(2,687)	411	(1,553)	(829)	(716)
Net increase (decrease) in cash and cash equivalents	\$ (34,683)	\$ 7,354	\$ 8,472	\$ (28,081)	\$ (22,428)
Cash and cash equivalents at beginning of period	66,130	24,093	15,621	43,702	66,130
Cash and cash equivalents at end of period	\$ 31,447	\$ 31,447	\$ 24,093	\$ 15,621	\$ 43,702

GAAP Condensed Consolidated Statement of Cash Flows
(\$ in 000's)

	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net cash provided by (used in) operating activities	\$ 75,698	\$ 61,795	\$ 50,126	\$ 3,625	\$ (39,848)
Net cash used in investing activities	(2,623)	(893)	(560)	(478)	(692)
Net cash provided by (used in) financing activities	(51,993)	(14,173)	(43,428)	(20,857)	26,465
Effect of foreign exchange rates on cash and cash equivalents	(629)	(264)	(450)	58	27
Net increase (decrease) in cash and cash equivalents	\$ 20,453	\$ 46,465	\$ 5,688	\$ (17,652)	\$ (14,048)
Cash and cash equivalents at beginning of period	45,677	19,665	13,977	31,629	45,677
Cash and cash equivalents at end of period	\$ 66,130	\$ 66,130	\$ 19,665	\$ 13,977	\$ 31,629

Adjusted Net Cash Flows from Operations

Below are the quarterly and last twelve-month reconciliations of GAAP net cash provided by (used in) operating activities for each of the periods presented to non-GAAP adjusted net cash flows from operations. The reconciling items are forgivable loan advances and repayments for each period, which are reported as a component of GAAP net cash provided by (used in) operating activities, along with other non-recurring items.

Adjusted Net Cash Flows from Operations
(\$ in 000's)

	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
GAAP net cash provided by (used in) operating activities	\$ 25,121	\$ 60,136	\$ 43,797	\$ (16,974)	\$ (61,838)
Forgivable loan advances	34,984	9,517	3,313	13,354	8,800
Forgivable loan repayments	(25)	—	—	(25)	—
Other non-recurring cash items (1)	302	69	30	92	111
Adjusted net cash flows from operations	\$ 60,382	\$ 69,722	\$ 47,140	\$ (3,553)	\$ (52,927)
Net revenue	\$ 590,901	\$ 144,976	\$ 148,441	\$ 149,102	\$ 148,382
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	4.3 %	41.5 %	29.5 %	(11.4)%	(41.7)%
Adjusted net cash flows from operations as a percentage of net revenue	10.2 %	48.1 %	31.8 %	(2.4)%	(35.7)%

Adjusted Net Cash Flows from Operations
(\$ in 000's)

	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
GAAP net cash provided by (used in) operating activities	\$ 75,698	\$ 61,795	\$ 50,126	\$ 3,625	\$ (39,848)
Forgivable loan advances	14,528	4,893	5,105	2,380	2,150
Forgivable loan repayments	(69)	(69)	—	—	—
Other non-recurring cash items (1)	10,393	—	—	—	10,393
Adjusted net cash flows from operations	\$ 100,550	\$ 66,619	\$ 55,231	\$ 6,005	\$ (27,305)
Net revenue	\$ 565,933	\$ 134,766	\$ 136,412	\$ 148,237	\$ 146,518
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	13.4 %	45.9 %	36.7 %	2.4 %	(27.2)%
Adjusted net cash flows from operations as a percentage of net revenue	17.8 %	49.4 %	40.5 %	4.1 %	(18.6)%

(1) Other non-recurring cash items includes acquisition-related costs in Q1, Q2, Q3 and Q4 of fiscal 2022 and a portion of the cash paid to settle a contingent consideration obligation in Q1 of fiscal 2021.

NON-GAAP FINANCIAL MEASURES

In these remarks, CRA has supplemented the presentation of its financial results calculated in accordance with U.S. generally accepted accounting principles or “GAAP” with the following financial measures that were not calculated in accordance with GAAP: non-GAAP net income, non-GAAP net income per share, non-GAAP EBITDA, non-GAAP income from operations, non-GAAP provision for income taxes, SG&A expenses excluding commissions and adjusted net cash flows from operations. CRA believes that these non-GAAP financial measures are important to management and investors because these measures supplement the understanding of CRA’s ongoing operating results, financial condition and cash flows. Non-GAAP adjusted net cash flows from operations is used by management to assess CRA’s ability to fund items such as the acquisition of talent, office expansions, debt repayment and distributions to shareholders. In addition, non-GAAP net income and non-GAAP EBITDA are used by CRA in its budgeting process, and the non-GAAP adjustments described below are made to the performance measures for some of CRA’s performance-based compensation.

As used herein, CRA defines non-GAAP EBITDA as net income before interest expense (net), income taxes, and depreciation and amortization further adjusted for the impact of certain items that it does not consider indicative of its core operating performance, such as non-cash amounts relating to valuation changes in contingent consideration, acquisition-related costs, and related tax effects. Non-GAAP net income, non-GAAP income from operations and non-GAAP provision for income taxes also exclude non-cash amounts relating to valuation changes in contingent consideration, acquisition-related costs, and related tax effects. The adjustments made to non-GAAP adjusted net cash flows from operations add back forgivable loan issuances, net of repayments, along with other non-recurring cash items. These remarks also present certain current fiscal period financial measures on a “constant currency” basis in order to isolate the effect that foreign currency exchange rate fluctuations can have on CRA’s financial results. These constant currency measures are determined by recalculating the current fiscal period local currency financial measure using the specified corresponding prior fiscal period’s foreign exchange rates.

All of the non-GAAP financial measures referred to above should be considered in conjunction with, and not as a substitute for, the GAAP financial information presented in these remarks. EBITDA and the financial measures identified in these remarks as “non-GAAP” are reconciled to their GAAP comparable measures either in these remarks or in the attached financial tables. In evaluating these non-GAAP financial measures, note that the non-GAAP financial measures used by CRA may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

CRA INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
DECEMBER 31, 2022 COMPARED TO JANUARY 1, 2022
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Revenues	\$ 144,976	100.0 %	\$ 134,766	100.0 %	\$ 590,901	100.0 %	\$ 565,933	100.0 %
Cost of services (exclusive of depreciation and amortization)	100,678	69.4 %	93,658	69.5 %	410,081	69.4 %	400,054	70.7 %
Selling, general and administrative expenses	28,060	19.4 %	25,633	19.0 %	110,087	18.6 %	97,372	17.2 %
Depreciation and amortization	2,936	2.0 %	3,111	2.3 %	11,996	2.0 %	12,768	2.3 %
Income from operations	13,302	9.2 %	12,364	9.2 %	58,737	9.9 %	55,739	9.8 %
Interest expense, net	(484)	-0.3 %	(179)	-0.1 %	(1,826)	-0.3 %	(970)	-0.2 %
Foreign currency gains (losses), net	(1,677)	-1.2 %	(241)	-0.2 %	1,889	0.3 %	(494)	-0.1 %
Income before provision for income taxes	11,141	7.7 %	11,944	8.9 %	58,800	10.0 %	54,275	9.6 %
Provision for income taxes	2,468	1.7 %	3,277	2.4 %	15,181	2.6 %	12,596	2.2 %
Net income	<u>\$ 8,673</u>	<u>6.0 %</u>	<u>\$ 8,667</u>	<u>6.4 %</u>	<u>\$ 43,619</u>	<u>7.4 %</u>	<u>\$ 41,679</u>	<u>7.4 %</u>
Net income per share:								
Basic	<u>\$ 1.21</u>		<u>\$ 1.17</u>		<u>\$ 6.02</u>		<u>\$ 5.59</u>	
Diluted	<u>\$ 1.19</u>		<u>\$ 1.14</u>		<u>\$ 5.91</u>		<u>\$ 5.45</u>	
Weighted average number of shares outstanding:								
Basic	<u>7,129</u>		<u>7,373</u>		<u>7,218</u>		<u>7,423</u>	
Diluted	<u>7,293</u>		<u>7,555</u>		<u>7,355</u>		<u>7,621</u>	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
DECEMBER 31, 2022 COMPARED TO JANUARY 1, 2022
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Revenues	\$ 144,976	100.0 %	\$ 134,766	100.0 %	\$ 590,901	100.0 %	\$ 565,933	100.0 %
Net income	\$ 8,673	6.0 %	\$ 8,667	6.4 %	\$ 43,619	7.4 %	\$ 41,679	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	—	— %	—	— %	—	— %	380	0.1 %
Acquisition-related costs	69	— %	—	— %	302	0.1 %	—	— %
Tax effect on adjustments	(18)	— %	—	— %	(80)	— %	(103)	— %
Non-GAAP net income	\$ 8,724	6.0 %	\$ 8,667	6.4 %	\$ 43,841	7.4 %	\$ 41,956	7.4 %
Non-GAAP net income per share:								
Basic	\$ 1.22		\$ 1.17		\$ 6.05		\$ 5.63	
Diluted	\$ 1.19		\$ 1.14		\$ 5.94		\$ 5.49	
Weighted average number of shares outstanding:								
Basic	7,129		7,373		7,218		7,423	
Diluted	7,293		7,555		7,355		7,621	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
DECEMBER 31, 2022 COMPARED TO JANUARY 1, 2022
(IN THOUSANDS)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue	December 31, 2022	As a % of Revenue	January 1, 2022	As a % of Revenue
Revenues	\$ 144,976	100.0 %	\$ 134,766	100.0 %	\$ 590,901	100.0 %	\$ 565,933	100.0 %
Net income	\$ 8,673	6.0 %	\$ 8,667	6.4 %	\$ 43,619	7.4 %	\$ 41,679	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	—	— %	—	— %	—	— %	380	0.1 %
Acquisition-related costs	69	— %	—	— %	302	0.1 %	—	— %
Tax effect on adjustments	(18)	— %	—	— %	(80)	— %	(103)	— %
Non-GAAP net income	\$ 8,724	6.0 %	\$ 8,667	6.4 %	\$ 43,841	7.4 %	\$ 41,956	7.4 %
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:								
Interest expense, net	484	0.3 %	179	0.1 %	1,826	0.3 %	970	0.2 %
Provision for income taxes	2,486	1.7 %	3,277	2.4 %	15,261	2.6 %	12,699	2.2 %
Depreciation and amortization	2,936	2.0 %	3,111	2.3 %	11,996	2.0 %	12,768	2.3 %
Non-GAAP EBITDA	\$ 14,630	10.1 %	\$ 15,234	11.3 %	\$ 72,924	12.3 %	\$ 68,393	12.1 %

CRA INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	December 31, 2022	January 1, 2022
Assets		
Cash and cash equivalents	\$ 31,447	\$ 66,130
Accounts receivable and unbilled services, net	194,987	162,057
Other current assets	22,426	21,160
Total current assets	248,860	249,347
Property and equipment, net	45,582	53,612
Goodwill and intangible assets, net	101,510	93,117
Right-of-use assets	96,725	110,475
Other assets	58,240	48,809
Total assets	\$ 550,917	\$ 555,360
Liabilities and Shareholders' Equity		
Accounts payable	\$ 27,584	\$ 23,511
Accrued expenses	155,864	156,314
Current portion of lease liabilities	15,972	14,337
Other current liabilities	17,705	18,924
Total current liabilities	217,125	213,086
Non-current portion of lease liabilities	106,008	124,464
Other non-current liabilities	16,630	11,976
Total liabilities	339,763	349,526
Total shareholders' equity	211,154	205,834
Total liabilities and shareholders' equity	\$ 550,917	\$ 555,360

CRA INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Year Ended	
	December 31, 2022	January 1, 2022
Operating activities:		
Net income	\$ 43,619	\$ 41,679
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquired businesses:		
Non-cash items, net	30,490	30,044
Accounts receivable and unbilled services	(30,311)	(10,452)
Working capital items, net	(18,677)	14,427
Net cash provided by operating activities	<u>25,121</u>	<u>75,698</u>
Investing activities:		
Purchases of property and equipment	(3,813)	(2,623)
Consideration paid for acquisitions, net	(14,352)	—
Net cash used in investing activities	<u>(18,165)</u>	<u>(2,623)</u>
Financing activities:		
Issuance of common stock, principally stock options exercises	1,411	5,157
Borrowings under revolving line of credit	126,000	74,000
Repayments under revolving line of credit	(126,000)	(74,000)
Payments for debt issuance costs	(1,008)	—
Tax withholding payments reimbursed by shares	(2,145)	(1,528)
Cash paid for contingent consideration	—	(2,357)
Cash dividends paid	(9,580)	(8,289)
Repurchase of common stock	(27,630)	(44,976)
Net cash used in financing activities	<u>(38,952)</u>	<u>(51,993)</u>
Effect of foreign exchange rates on cash and cash equivalents	<u>(2,687)</u>	<u>(629)</u>
Net increase (decrease) in cash and cash equivalents	(34,683)	20,453
Cash and cash equivalents at beginning of period	66,130	45,677
Cash and cash equivalents at end of period	<u>\$ 31,447</u>	<u>\$ 66,130</u>
Noncash investing and financing activities:		
Increase (decrease) in accounts payable and accrued expenses for property and equipment	\$ (268)	\$ 8
Right-of-use assets obtained in exchange for lease obligations	\$ 2,436	\$ 1,751
Restricted common stock issued for contingent consideration	\$ —	\$ 2,250
Supplemental cash flow information:		
Cash paid for taxes	\$ 15,646	\$ 14,953
Cash paid for interest	\$ 1,579	\$ 727
Cash paid for amounts included in operating lease liabilities	\$ 21,306	\$ 20,823

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CHARLES RIVER ASSOCIATES (CRA) DECLARES QUARTERLY CASH DIVIDEND OF \$0.36 PER COMMON SHARE

BOSTON, March 2, 2023 – Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing economic, financial and management consulting services, today announced that its Board of Directors has declared a quarterly cash dividend of \$0.36 per common share to be paid on March 24, 2023 to shareholders of record of CRA's common stock as of the close of business on March 14, 2023. The Company expects to continue paying quarterly dividends, the declaration, timing and amounts of which remain subject to the discretion of CRA's Board of Directors.

About Charles River Associates (CRA)

Charles River Associates® is a leading global consulting firm specializing in economic, financial and management consulting services. CRA advises clients on economic and financial matters pertaining to litigation and regulatory proceedings, and guides corporations through critical business strategy and performance-related issues. Since 1965, clients have engaged CRA for its unique combination of functional expertise and industry knowledge, and for its objective solutions to complex problems. Headquartered in Boston, CRA has offices throughout the world. Detailed information about Charles River Associates, a registered trade name of CRA International, Inc., is available at www.crai.com. Follow us on [LinkedIn](#), [Twitter](#), and [Facebook](#).

SAFE HARBOR STATEMENT

Statements in this press release concerning our expectations regarding the payment of future quarterly dividends are “forward-looking” statements as defined in Section 21 of the Exchange Act. These statements are based upon our current expectations and various underlying assumptions. Although we believe there is a reasonable basis for these statements and assumptions, and these statements are expressed in good faith, these statements are subject to a number of additional factors and uncertainties. These factors include, but are not limited to, 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; our ability to attract and retain key employee or non-employee experts; the inability to integrate and utilize existing consultants and personnel; the decline or reduction in project work or activity; global economic conditions including less stable political and economic environments; the impact of epidemics or pandemics such as the COVID-19 pandemic outbreak; foreign currency exchange rate fluctuations; unanticipated expenses and liabilities; risks inherent in international operations; changes in tax law or accounting standards, rules, and regulations; our ability to collect on forgivable loans should any become due; and professional and other legal liability or settlements. Additional risks and uncertainties are discussed in our periodic filings with the Securities and Exchange Commission under the heading “Risk Factors.” The inclusion of such forward-looking information should not be regarded as our representation that the future events, plans, or expectations contemplated will be achieved. Except as may be required by law, we undertake no obligation to update any forward-looking statements after the date of this press release, and we do not intend to do so.