UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 1, 2023

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: 000-24049

CRA International, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts	**04-2372210**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 Clarendon Street, Boston, MA	**02116-5092**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	CRAI	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 x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted 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 x No o

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 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	☐	Accelerated filer	x	Non-accelerated filer	☐	Smaller reporting company	☐	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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 28, 2023
Common Stock, no par value per share	7,001,716 shares

CRA International, Inc.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in thousands, except per share data)

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Revenues	$ 161,965	$ 149,102	$ 314,810	$ 297,484
Costs of services (exclusive of depreciation and amortization)	113,333	103,076	221,170	207,136
Selling, general and administrative expenses	29,846	27,963	58,218	53,780
Depreciation and amortization	2,872	3,050	5,815	6,026
Income from operations	15,914	15,013	29,607	30,542
Interest expense, net	(1,616)	(468)	(2,187)	(676)
Foreign currency gains (losses), net	(686)	1,700	(1,214)	1,899
Income before provision for income taxes	13,612	16,245	26,206	31,765
Provision for income taxes	4,104	4,602	7,780	8,696
Net income	$ 9,508	$ 11,643	$ 18,426	$ 23,069
Net income per share:				
Basic	$ 1.36	$ 1.60	$ 2.61	$ 3.15
Diluted	$ 1.34	$ 1.57	$ 2.56	$ 3.09
Weighted average number of shares outstanding:				
Basic	6,983	7,263	7,051	7,311
Diluted	7,080	7,380	7,166	7,442

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(in thousands)

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net income	$ 9,508	$ 11,643	$ 18,426	$ 23,069
Other comprehensive income (loss)				
Foreign currency translation adjustments, net of tax	1,074	(3,860)	2,126	(5,032)
Comprehensive income	$ 10,582	$ 7,783	$ 20,552	$ 18,037

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(in thousands, except share data)

	July 1, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,271	$ 31,447
Accounts receivable, net of allowances of $3,823 and $2,640, respectively	140,160	143,644
Unbilled services, net of allowances of $1,089 and $1,120, respectively	72,935	51,343
Prepaid expenses and other current assets	15,218	12,760
Forgivable loans	12,134	9,666
Total current assets	254,718	248,860
Property and equipment, net	42,443	45,582
Goodwill	93,899	92,922
Intangible assets, net	7,886	8,588
Right-of-use assets	90,627	96,725
Deferred income taxes	9,402	9,163
Forgivable loans, net of current portion	48,863	46,790
Other assets	3,220	2,287
Total assets	$ 551,058	$ 550,917
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 22,909	$ 27,584
Accrued expenses	107,173	155,864
Deferred revenue and other liabilities	8,999	12,016
Current portion of lease liabilities	16,386	15,972
Current portion of deferred compensation	3,523	5,689
Revolving line of credit	80,000	—
Total current liabilities	238,990	217,125
Non-current liabilities:		
Deferred compensation and other non-current liabilities	10,343	15,677
Non-current portion of lease liabilities	97,938	106,008
Deferred income taxes	1,001	953
Total non-current liabilities	109,282	122,638
Commitments and contingencies (Note 11)		
Shareholders’ equity:		
Preferred stock, no par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock, no par value; 25,000,000 shares authorized; 6,969,236 and 7,149,884 shares issued and outstanding, respectively	468	1,743
Retained earnings	215,173	224,392
Accumulated other comprehensive loss	(12,855)	(14,981)
Total shareholders’ equity	202,786	211,154
Total liabilities and shareholders’ equity	$ 551,058	$ 550,917

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands)

	Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022
OPERATING ACTIVITIES:		
Net income	$ 18,426	$ 23,069
Adjustments to reconcile net income to net cash used in operating activities, net of effect of acquired businesses:		
Depreciation and amortization	5,815	6,026
Right-of-use asset amortization	7,193	6,825
Deferred income taxes	(236)	(165)
Share-based compensation expense	2,098	2,078
Bad debt expense (recovery)	392	(262)
Unrealized foreign currency remeasurement (gains) losses, net	(62)	(309)
Changes in operating assets and liabilities:		
Accounts receivable	4,676	(13,435)
Unbilled services	(21,091)	(23,114)
Prepaid expenses and other current assets, and other assets	(3,247)	(1,572)
Forgivable loans	(4,374)	(9,992)
Incentive cash awards	4,029	3,271
Accounts payable, accrued expenses, and other liabilities	(69,747)	(63,093)
Lease liabilities	(8,851)	(8,139)
Net cash used in operating activities	(64,979)	(78,812)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,282)	(2,067)
Consideration paid for acquisition, net	(570)	(10,185)
Net cash used in investing activities	(1,852)	(12,252)
FINANCING ACTIVITIES:		
Issuance of common stock, principally stock option exercises	—	341
Borrowings under revolving line of credit	105,000	70,000
Repayments under revolving line of credit	(25,000)	—
Tax withholding payments reimbursed by shares	(2,009)	(975)
Cash dividends paid	(5,230)	(4,636)
Repurchase of common stock	(23,577)	(22,630)
Net cash provided by financing activities	49,184	42,100
Effect of foreign exchange rates on cash and cash equivalents	471	(1,545)
Net decrease in cash and cash equivalents	(17,176)	(50,509)
Cash and cash equivalents at beginning of period	31,447	66,130
Cash and cash equivalents at end of period	$ 14,271	$ 15,621
Noncash investing and financing activities:		
Increase (decrease) in accounts payable and accrued expenses for property and equipment	$ 376	$ (184)
Excise tax on share repurchases	$ (200)	$ —
Right-of-use assets obtained in exchange for lease obligations	$ 190	$ 2,020
Supplemental cash flow information:		
Cash paid for taxes	$ 6,218	$ 7,532
Cash paid for interest	$ 2,178	$ 452
Cash paid for amounts included in operating lease liabilities	$ 11,077	$ 10,584

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE FISCAL YEAR-TO-DATE PERIOD ENDED JULY 1, 2023 (unaudited)

(in thousands, except share data)

	Common Stock					
	Shares Issued	Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
BALANCE AT DECEMBER 31, 2022	7,149,884	$ 1,743	$ 224,392	$ (14,981)	$ 211,154
Net income	—	—	8,918	—	8,918
Foreign currency translation adjustment	—	—	—	1,052	1,052
Exercise of stock options	—	—	—	—	—
Share-based compensation expense	—	940	—	—	940
Restricted shares vesting	45,544	—	—	—	—
Redemption of vested employee restricted shares for tax withholding	(16,614)	(1,873)	—	—	(1,873)
Shares repurchased	(180,881)	(810)	(19,767)	—	(20,577)
Accrued excise tax on shares repurchased	—	—	(173)	—	(173)
Accrued dividends on unvested shares	—	—	45	—	45
Cash dividends paid ($0.36 per share)	—	—	(2,702)	—	(2,702)
BALANCE AT APRIL 1, 2023	6,997,933	$ —	$ 210,713	$ (13,929)	$ 196,784
Net income	—	—	9,508	—	9,508
Foreign currency translation adjustment	—	—	—	1,074	1,074
Exercise of stock options	—	—	—	—	—
Share-based compensation expense	—	1,158	—	—	1,158
Restricted shares vesting	3,630	—	—	—	—
Redemption of vested employee restricted shares for tax withholding	(1,237)	(136)	—	—	(136)
Shares repurchased	(31,090)	(554)	(2,446)	—	(3,000)
Accrued excise tax on shares repurchased	—	—	(27)	—	(27)
Accrued dividends on unvested shares	—	—	(47)	—	(47)
Cash dividends paid ($0.36 per share)	—	—	(2,528)	—	(2,528)
BALANCE AT JULY 1, 2023	6,969,236	$ 468	$ 215,173	$ (12,855)	$ 202,786

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE FISCAL YEAR-TO-DATE PERIOD ENDED July 2, 2022 (unaudited)

(in thousands, except share data)

	Common Stock			Accumulated Other	
	Shares Issued	Amount	Retained Earnings	Comprehensive Loss	Total Shareholders' Equity
BALANCE AT JANUARY 1, 2022	7,362,703	$ —	$ 215,784	$ (9,950)	$ 205,834
Net income	—	—	11,426	—	11,426
Foreign currency translation adjustment	—	—	—	(1,172)	(1,172)
Exercise of stock options	14,552	341	—	—	341
Share-based compensation expense	—	1,037	—	—	1,037
Restricted shares vesting	29,558	—	—	—	—
Redemption of vested employee restricted shares for tax withholding	(10,163)	(897)	—	—	(897)
Shares repurchased	(56,665)	(481)	(4,475)	—	(4,956)
Accrued dividends on unvested shares	—	—	(11)	—	(11)
Cash dividends paid ($0.31 per share)	—	—	(2,377)	—	(2,377)
BALANCE AT APRIL 2, 2022	7,339,985	$ —	$ 220,347	$ (11,122)	$ 209,225
Net income	—	—	11,643	—	11,643
Foreign currency translation adjustment	—	—	—	(3,860)	(3,860)
Share-based compensation expense	—	1,041	—	—	1,041
Restricted shares vesting	3,630	—	—	—	—
Redemption of vested employee restricted shares for tax withholding	(921)	(78)	—	—	(78)
Shares repurchased	(211,345)	(963)	(16,711)	—	(17,674)
Accrued dividends on unvested shares	—	—	(52)	—	(52)
Cash dividends paid ($0.31 per share)	—	—	(2,259)	—	(2,259)
BALANCE AT JULY 2, 2022	7,131,349	$ —	$ 212,968	$ (14,982)	$ 197,986

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Summary of Significant Accounting Policies

Description of Business

CRA International, Inc. (together with its wholly-owned subsidiaries, "CRA" or the "Company") is a worldwide leading consulting services firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. CRA offers services in two broad areas: litigation, regulatory, and financial consulting and management consulting. CRA operates in one business segment. CRA operates its business under its registered trade name, Charles River Associates.

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of CRA International, Inc. and its wholly-owned subsidiaries, which require consolidation after the elimination of intercompany accounts and transactions. These financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for Quarterly Reports on Form 10-Q. Accordingly, these financial statements do not include all the information and note disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual financial statements. In the opinion of management, these financial statements reflect all adjustments of a normal, recurring nature necessary for the fair presentation of CRA's results of operations, financial position, cash flows, and shareholders' equity for the interim periods presented in conformity with GAAP. Results of operations for the interim periods presented herein are not necessarily indicative of results of operations for a full year. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2022 included in CRA's Annual Report on Form 10-K filed with the SEC on March 2, 2023 (the "2022 Form 10-K").

Estimates

The preparation of financial statements in conformity with GAAP requires management to make significant estimates and judgments that affect the reported amounts of assets and liabilities, as well as the related disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of consolidated revenues and expenses during the reporting period. Estimates in these condensed consolidated financial statements include, but are not limited to, allowances for accounts receivable and unbilled services, revenue recognition on fixed-price contracts, variable consideration to be included in the transaction price of revenue contracts, the useful life of long-lived assets, measurement of operating lease right-of-use ("ROU") assets and liabilities, share-based compensation, valuation of acquired intangible assets, valuation of contingent consideration liabilities, goodwill, accrued and deferred income taxes, valuation allowances on deferred tax assets, accrued incentive compensation, and certain other accrued expenses. These items are monitored and analyzed by CRA for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are recorded in the period in which they become known. CRA bases its estimates on historical experience and various other assumptions that CRA believes to be reasonable under the circumstances. Actual results may differ from those estimates if CRA's assumptions based on past experience or other assumptions do not turn out to be substantially accurate.

2. Business Acquisitions

On February 28, 2022, CRA acquired substantially all business assets and assumed certain liabilities of Welch Consulting, Ltd. ("Welch Consulting"), a Texas limited partnership. Welch Consulting provided economic, business, and strategic consulting services principally involving labor and employment issues. The acquisition expands CRA's business opportunities, expertise, and market presence with the addition of 45 colleagues and offices in Bryan, Texas; Los Angeles, California; and Washington, D.C. A non-employee expert of CRA served as an agent and attorney-in-fact on behalf of Welch Consulting. The non-employee expert did not and will not receive compensation or a portion of the purchase price as part of the transaction.

The acquisition has been accounted for as a business combination, and the results of operations have been included in the accompanying condensed consolidated financial statements from the date of acquisition. On the date of acquisition, right-of-use assets and lease liabilities were recorded in accordance with ASC Topic 842, *Leases*. In addition, contract assets and contract liabilities were recorded in accordance with ASC 606, as CRA adopted ASU 2021-08 on the first day of fiscal 2022. All other tangible assets and identifiable intangible assets acquired and liabilities assumed were recorded at their fair value as of the date of acquisition.

Welch Consulting's results of operations have been included in the accompanying condensed consolidated statements of operations from the date of acquisition. The following table is the final allocation of the purchase price to the estimated fair value of assets acquired and liabilities assumed (in thousands):

Assets Acquired		
Current assets:		
Accounts receivable	$	3,742
Unbilled services		1,382
Prepaid expenses and other current assets		100
Total current assets		5,224
Property and equipment		141
Goodwill		2,409
Intangible assets		4,150
Right-of-use assets		1,210
Other assets		41
Total assets acquired	$	13,175
Liabilities Assumed		
Current liabilities:		
Accrued expenses	$	1,245
Deferred revenue and other liabilities		161
Current portion of lease liabilities		549
Total current liabilities		1,955
Non-current portion of lease liabilities		661
Total liabilities assumed	$	2,616
Net assets acquired	$	10,559

For the acquired assets and assumed liabilities, CRA has paid $10.6 million, net, the amount of which was based on adjusted estimates of certain net working capital items. In addition, CRA issued $7.9 million of forgivable loans and agreed to provide other deferred compensation to key employees and a non-employee expert, which is treated as post-transaction compensation expense over the term of the loan.

The intangible assets acquired are comprised of customer relationships, the fair value of which was determined using a multi-period excess earnings method. The customer relationships intangible is being amortized over a ten-year life on a straight-line basis, which approximates the expected pattern of economic benefit from this asset. The Company also recorded $2.4 million of goodwill, all of which is expected to be deductible for tax purposes.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

On November 29, 2022, CRA acquired substantially all of the business assets and assumed certain liabilities of bioStrategies Group, Inc. ("bSG"), a Chicago-based consulting firm focused on developing commercial strategies for healthcare products and technologies. The acquisition expands CRA's business opportunities, expertise, and market presence with the addition of 17 colleagues with an office in Chicago, Illinois. The acquisition has been accounted for as a business combination, and the results of operations have been included in the accompanying condensed consolidated financial statements from the date of acquisition. The acquisition of bSG is not significant to our overall results presented in our condensed consolidated financial statements.

3. Revenues and Allowances

The contracts CRA enters into and operates under specify whether the projects are billed on a time-and-materials or a fixed-price basis. Time-and-materials contracts are typically used for litigation, regulatory, and financial consulting projects while fixed-price contracts are principally used for management consulting projects. In general, project costs are classified in costs of services, exclusive of depreciation and amortization, and are based on the direct salary of CRA's employee consultants on the engagement, plus all direct expenses incurred to complete the project, including any amounts billed to CRA by its non-employee experts.

Disaggregation of Revenue

The following tables disaggregate CRA's revenue by type of contract and geographic location (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
Type of Contract	**July 1, 2023**	**July 2, 2022**	**July 1, 2023**	**July 2, 2022**
Consulting services revenues:				
Fixed-price	$ 28,082	$ 27,541	$ 54,859	$ 56,314
Time-and-materials	133,883	121,561	259,951	241,170
Total	$ 161,965	$ 149,102	$ 314,810	$ 297,484

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
Geographic Breakdown	**July 1, 2023**	**July 2, 2022**	**July 1, 2023**	**July 2, 2022**
Consulting services revenues:				
United States	$ 126,894	$ 120,168	$ 244,766	$ 237,087
United Kingdom	26,396	20,843	52,045	43,253
Other	8,675	8,091	17,999	17,144
Total	$ 161,965	$ 149,102	$ 314,810	$ 297,484

Reserves for Variable Consideration and Credit Risk

Revenues from CRA's consulting services are recorded at the net transaction price, which includes estimates of variable consideration for which reserves are established. Variable consideration reserves are based on specific price concessions and those expected to be extended to CRA customers estimated by CRA's historical realization rates. Reserves for variable consideration are recorded as a component of the allowances for accounts receivable and unbilled services on the condensed consolidated balance sheets. Adjustments to the reserves for variable consideration are included in revenues on the condensed consolidated statements of operations.

CRA also maintains allowances for accounts receivable and unbilled services for estimated losses resulting from clients' failure to make required payments. The following table presents CRA's bad debt expense, net of recoveries of previously written off allowances (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Bad debt expense (recovery), net	$ 392	$ (141)	$ 392	$ (262)

Reimbursable Expenses

Revenues also include reimbursements for costs incurred by CRA in fulfilling its performance obligations, including travel and other out-of-pocket expenses, fees for outside consultants, and other reimbursable expenses. CRA recovers substantially all of these costs. The following expenses are subject to reimbursement (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Reimbursable expenses	$ 17,252	$ 16,441	$ 31,233	$ 32,645

Contract Balances from Contracts with Customers

CRA defines contract assets as assets for which it has recorded revenue because it determines that it is probable that it will earn a performance-based or contingent fee, but is not yet entitled to receive a fee because certain events, such as completion of the measurement period or client approval, must occur. The contract assets balance was immaterial as of July 1, 2023 and December 31, 2022.

When consideration is received, or such consideration is unconditionally due from a customer prior to transferring consulting services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after performance obligations have been satisfied and all revenue recognition criteria have been met. The following table presents the closing balances of CRA's contract liabilities (in thousands):

	July 1, 2023	December 31, 2022
Contract liabilities	$ 3,213	$ 6,977

CRA recognized the following revenue that was included in the contract liabilities balance as of the opening of the respective period or for performance obligations satisfied in previous periods (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Amounts included in contract liabilities at the beginning of the period	$ 2,832	$ 3,331	$ 6,194	$ 7,656
Performance obligations satisfied in previous periods	$ 3,298	$ 2,628	$ 2,744	$ 2,150

4. Forgivable Loans

In order to attract and retain highly skilled professionals, CRA may issue forgivable loans to employees and non-employee experts, certain of which may be denominated in local currencies. A portion of these loans is collateralized. The principal amount of forgivable loans and accrued interest is forgiven by CRA over the term of the loans, so long as the employee or non-employee expert continues employment or affiliation with CRA and complies with certain contractual requirements. The expense associated with the forgiveness of the principal amount of the loans is recorded as compensation expense over the service period, which is consistent with the term of the loans.

The following table presents forgivable loan activity for the respective periods (in thousands):

	Fiscal Year-to-Date Period Ended July 1, 2023	Fiscal Year Ended December 31, 2022
Beginning balance	$ 56,456	$ 48,591
Advances	17,592	34,984
Repayments	(616)	(25)
Reclassifications from accrued expenses or to other assets (1)	—	(2,192)
Amortization	(12,600)	(24,403)
Effects of foreign currency translation	165	(499)
Ending balance	$ 60,997	$ 56,456
Current portion of forgivable loans	$ 12,134	$ 9,666
Non-current portion of forgivable loans	$ 48,863	$ 46,790

(1) Relates to the reclassification of performance awards previously recorded as accrued expenses or forgivable loans that have been reclassified to other receivables.

5. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the fiscal-year-to-date period ended July 1, 2023 are summarized as follows (in thousands):

Goodwill	$ 164,815
Accumulated goodwill impairment	(71,893)
Goodwill, net at December 31, 2022	92,922
Additions due to acquisitions	415
Foreign currency translation adjustment	562
Goodwill, net at July 1, 2023	$ 93,899

Goodwill at July 1, 2023, is comprised of goodwill of $165.8 million and accumulated impairment of $71.9 million. There were no impairment losses related to goodwill during the fiscal-year-to-date period ended July 1, 2023 or during the fiscal year ended December 31, 2022.

Intangible assets that are separable from goodwill and have determinable useful lives are valued separately and amortized using the straight-line method over their expected useful lives. The components of acquired identifiable intangible assets are as follows (in thousands):

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

		July 1, 2023			December 31, 2022		
	Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	10	$ 13,800	$ (5,914)	$ 7,886	$ 13,800	$ (5,212)	$ 8,588

There were no impairment losses related to intangible assets during the fiscal-year-to-date period ended July 1, 2023 or during the fiscal year ended December 31, 2022. As a result of the Welch Consulting acquisition, CRA recognized approximately $4.2 million of intangible assets related to customer relationships in the first quarter of fiscal 2022. As a result of the bSG acquisition, CRA recognized approximately $1.4 million of intangible assets related to customer relationships in the fourth quarter of fiscal 2022. Amortization expense related to intangible assets was $0.3 million and $0.7 million for the fiscal quarter and fiscal year-to-date period ended July 1, 2023, respectively, $0.3 million and $0.6 million for the fiscal quarter and fiscal year-to-date period ended July 2, 2022, respectively.

6. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	July 1, 2023	December 31, 2022
Compensation and related expenses	$ 84,844	$ 138,728
Performance awards	12,021	9,359
Direct project accruals	2,892	1,783
Other	7,416	5,994
Total accrued expenses	$ 107,173	$ 155,864

As of July 1, 2023 and December 31, 2022, approximately $62.7 million and $116.1 million, respectively, of accrued bonuses were included above in “Compensation and related expenses.”

7. Income Taxes

For the fiscal quarters ended July 1, 2023 and July 2, 2022, CRA’s effective income tax rate (“ETR”) was 30.1% and 28.3%, respectively. The ETR for the second quarter of fiscal 2023 was higher than the second quarter of fiscal 2022 primarily due to an increase in nondeductible meals and entertainment expenses and an increase in the U.K. statutory rate from 19% to 25% effective April 1, 2023, with a blended rate of 23.5% for the fiscal year. The increase in the tax impact of the meals expense is a result of the expiration of the relief provided by The Consolidated Appropriations Act, 2021, whereby the deduction for business meals from restaurants was 100% during 2021 and 2022 and reverted back to 50% in 2023.

For the fiscal year-to-date periods ended July 1, 2023 and July 2, 2022, CRA's ETR was 29.7% and 27.4%, respectively. The ETR for the current fiscal year-to-date period was higher than the prior year-to-date period primarily due to the same items noted above, as well as a decrease in the tax benefit related to share-based compensation.

In fiscal 2020, as a result of both a qualitative and quantitative analysis, certain amounts of previously taxed and untaxed post fiscal 2018 U.K. earnings were no longer considered permanently reinvested. Deferred taxes that are a consequence of foreign exchange translation resulting from earnings that are no longer considered permanently reinvested are recorded as a component of foreign currency translation adjustments on the condensed consolidated statements of comprehensive income. During the fiscal quarter ended July 1, 2023, deferred taxes have been assessed as immaterial related to foreign exchange translation and not recorded. Deferred income taxes or foreign withholding taxes, estimated to be $0.4 million, have not been recorded for other jurisdictions as those earnings are considered to be permanently reinvested.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 that includes, among other provisions, changes to the U.S. corporate income tax system, including a fifteen percent minimum tax based on "adjusted financial statement income," and a one percent excise tax on net repurchases of stock after December 31, 2022. The Company had net share repurchases of $2.7 million for the fiscal quarter ended July 1, 2023 resulting in a tax payable of $0.03 million. As the Company's issued and outstanding common stock on the condensed consolidated balance sheet is classified as permanent equity, the excise tax is treated as a specific incremental cost directly attributable to the repurchase. As such, the excise tax is charged against the gross proceeds and recorded within equity with an offsetting excise tax liability recognized.

8. Net Income Per Share

CRA calculates basic earnings per share using the two-class method. CRA calculates diluted earnings per share using the more dilutive of either the two-class method or treasury stock method. The two-class method was more dilutive for the fiscal quarters and fiscal year-to-date periods ended July 1, 2023 and July 2, 2022.

Under the two-class method, net earnings are allocated to each class of common stock and participating security as if all the net earnings for the period had been distributed. CRA's participating securities consist of unvested share-based payment awards that contain a nonforfeitable right to receive dividends and therefore are considered to participate in undistributed earnings with common shareholders. Net earnings allocable to these participating securities were not material for the fiscal quarters and fiscal year-to-date periods ended July 1, 2023 and July 2, 2022.

The following table presents the calculation of basic and diluted net income per share (in thousands, except per share data):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Numerator:				
Net income — basic	$ 9,508	$ 11,643	$ 18,426	$ 23,069
Less: net income attributable to participating shares	34	48	69	95
Net income — diluted	$ 9,474	$ 11,595	$ 18,357	$ 22,974
Denominator:				
Weighted average shares outstanding — basic	6,983	7,263	$ 7,051	$ 7,311
Effect of dilutive stock options and restricted stock units	97	117	115	131
Weighted average shares outstanding — diluted	7,080	7,380	7,166	7,442
Net income per share:				
Basic	$ 1.36	$ 1.60	$ 2.61	$ 3.15
Diluted	$ 1.34	$ 1.57	$ 2.56	$ 3.09

For the fiscal quarter and fiscal year-to-date period ended July 1, 2023, the anti-dilutive share-based awards that were excluded from the calculation of common stock equivalents for purposes of computing diluted weighted average shares outstanding amounted to 17,120 and 4,329 shares, respectively. There were no anti-dilutive share-based awards for the fiscal quarter and fiscal year-to-date period ended July 2, 2022.

9. Fair Value of Financial Instruments

The following tables show CRA's financial instruments recorded in the condensed consolidated financial statements which are measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

	July 1, 2023		
	Level 1	Level 2	Level 3
Assets:			
Money market mutual funds	$ —	$ —	$ —
Total Assets	$ —	$ —	$ —
Liabilities:			
Contingent consideration liability	$ —	$ —	$ 1,092
Total Liabilities	$ —	$ —	$ 1,092

	December 31, 2022		
	Level 1	Level 2	Level 3
Assets:			
Money market mutual funds	$ —	$ —	$ —
Total Assets	$ —	$ —	$ —
Liabilities:			
Contingent consideration liability	$ —	$ —	$ 1,056
Total Liabilities	$ —	$ —	$ 1,056

The contingent consideration liability pertains to estimated future contingent consideration payments related to the acquisition of bSG, an independent consulting firm. The following table summarizes the changes in the contingent consideration liability (in thousands):

	Fiscal Year-to-Date Period Ended	Fiscal Year Ended
	July 1, 2023	December 31, 2022
Beginning balance	$ 1,056	$ —
Acquisition-related contingent consideration	—	1,056
Accretion	36	—
Ending balance	$ 1,092	$ 1,056

10. Credit Agreement

CRA is party to a Credit Agreement, dated as of August 19, 2022 (the "Credit Agreement") with Bank of America, N.A., as swingline lender, a letter of credit issuing bank and administrative agent, and with Citizens Bank, N.A., as a letter of credit issuing bank. The Credit Agreement provides CRA with a $250.0 million revolving credit facility, which may be decreased at CRA's option to $200.0 million during the period from July 16th in a year through January 15th in the next year. Additionally, for the period from January 16th to July 15th of each calendar year, CRA may elect to not increase the revolving credit facility to $250.0 million. The revolving credit facility includes a $25.0 million sublimit for the issuance of letters of credit.

There were $80.0 million in borrowings outstanding under the revolving credit facility as of July 1, 2023 and no borrowings outstanding as of December 31, 2022. As of July 1, 2023, the amount available under the revolving credit facility was reduced by certain letters of credit outstanding, which amounted to $4.4 million.

Under the Credit Agreement, CRA must comply with various financial and non-financial covenants. The primary financial covenants consist of a maximum consolidated net leverage ratio of 3.0 to 1 and a minimum consolidated interest coverage ratio of 2.5 to 1. The primary non-financial covenants include, but are not limited to, restrictions on CRA's ability to incur future indebtedness, engage in acquisitions or dispositions, pay dividends or repurchase capital stock, and enter into business combinations. Any indebtedness outstanding under the revolving credit facility may become immediately due upon the occurrence of stated events of default, including CRA's failure to pay principal, interest or fees, or upon the breach of any covenant. As of July 1, 2023, CRA was in compliance with the covenants of the Credit Agreement.

11. Commitments and Contingencies

As described in the previous note, CRA is party to standby letters of credit with its lenders in support of minimum future lease payments under certain operating leases for office space.

CRA is subject to legal actions arising in the ordinary course of business. In management’s opinion, based on current knowledge, CRA believes it has adequate legal defenses or insurance coverage, or both, with respect to the eventuality of such actions. CRA does not believe any settlement or judgment relating to any pending legal action would materially affect its financial position or results of operations. However, the outcome of such legal actions is inherently unpredictable and subject to inherent uncertainties.

12. Subsequent Events

On August 3, 2023, CRA announced that its Board of Directors declared a quarterly cash dividend of $0.36 per common share, payable on September 8, 2023 to shareholders of record as of August 29, 2023.

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

Forward-Looking Statements

Except for historical facts, the statements in this quarterly report are forward-looking statements. Forward-looking statements are merely our current predictions of future events. These statements are inherently uncertain, and actual events could differ materially from our predictions. Important factors that could cause actual events to vary from our predictions include those discussed below under the heading "Risk Factors." We assume no obligation to update our forward-looking statements to reflect new information or developments. We urge readers to review carefully the risk factors described in the other documents that we file with the Securities and Exchange Commission ("SEC"). You can read these documents at www.sec.gov.

Our principal Internet address is www.crai.com. Our website provides a link to a third-party website through which our annual, quarterly, and current reports, and amendments to those reports, are available free of charge. We believe these reports are made available as soon as reasonably practicable after we file them electronically with, or furnish them to, the SEC. We do not maintain or provide any information directly to the third-party website, and we do not check its accuracy.

Our website also includes information about our corporate governance practices. The Investor Relations page of our website provides a link to a web page where you can obtain a copy of our code of business conduct and ethics applicable to our principal executive officer, principal financial officer, and principal accounting officer.

Critical Accounting Policies and Estimates

Our critical accounting policies involving the more significant estimates and judgments used in the preparation of our financial statements as of July 1, 2023 remain unchanged from December 31, 2022. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 2, 2023 (the "2022 Form 10-K") for details on these critical accounting policies.

Recent Accounting Standards

There are no recent accounting standards that impact the unaudited condensed consolidated financial statements.

Results of Operations—For the Fiscal Quarter and Fiscal Year-to-Date Period Ended July 1, 2023, Compared to the Fiscal Quarter and Fiscal Year-to-Date Period Ended July 2, 2022

The following table provides operating information as a percentage of revenues for the periods indicated:

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Costs of services (exclusive of depreciation and amortization)	70.0	69.1	70.3	69.6
Selling, general and administrative expenses	18.4	18.8	18.5	18.1
Depreciation and amortization	1.8	2.0	1.8	2.0
Income from operations	9.8	10.1	9.4	10.3
Interest expense, net	(1.0)	(0.3)	(0.7)	(0.2)
Foreign currency gains (losses), net	(0.4)	1.1	(0.4)	0.6
Income before provision for income taxes	8.4	10.9	8.3	10.7
Provision for income taxes	2.5	3.1	2.5	2.9
Net income	5.9 %	7.8 %	5.9 %	7.8 %

Fiscal Quarter Ended July 1, 2023, Compared to the Fiscal Quarter Ended July 2, 2022

Revenues. Revenues increased by $12.9 million, or 8.6%, to $162.0 million for the second quarter of fiscal 2023 from $149.1 million for the second quarter of fiscal 2022. Utilization decreased to 72% for the second quarter of fiscal 2023 from 77% for the second quarter of fiscal 2022, while consultant headcount grew 12.5% from 863 at the end of the second quarter of fiscal 2022 to 971 at the end of the second quarter of fiscal 2023.

Overall, revenues outside of the U.S. represented approximately 22% and 19% of net revenues for the second quarters of fiscal 2023 and fiscal 2022, respectively. Revenues derived from fixed-price projects decreased to 17% of net revenues for the second quarter of fiscal 2023 compared with 18% of net revenues for the second quarter of fiscal 2022. The percentage of revenue derived from fixed-price projects depends largely on the proportion of our revenues derived from our management consulting business, which typically has a higher concentration of fixed-price service contracts.

Costs of Services (exclusive of depreciation and amortization). Costs of services (exclusive of depreciation and amortization) increased by $10.2 million, or 10.0%, to $113.3 million for the second quarter of fiscal 2023 from $103.1 million for the second quarter of fiscal 2022. The increase in costs of services was due to an increase in employee compensation and fringe benefit costs of $8.6 million primarily as a result of a higher headcount, an increase in client reimbursable expenses of $0.8 million, and an increase in forgivable loan amortization of $0.7 million. As a percentage of revenues, costs of services (exclusive of depreciation and amortization) increased to 70.0% for the second quarter of fiscal 2023 from 69.1% for the second quarter of fiscal 2022.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $1.8 million, or 6.7%, to $29.8 million for the second quarter of fiscal 2023 from $28.0 million for the second quarter of fiscal 2022. Within this category of expenses, there was a $0.8 million increase in rent expense, a $0.7 million increase in travel and entertainment, a $0.5 million increase in employee compensation and fringe benefit costs, a $0.5 million increase in bad debt expense, a $0.4 million increase in legal and professional fees, and a $0.3 million increase in software subscription and data services. Partially offsetting the increase in these expenses was a $1.4 million decrease in commissions to our non-employee experts for the second quarter of fiscal 2023 as compared to the second quarter of fiscal 2022.

As a percentage of revenues, selling, general and administrative expenses decreased to 18.4% for the second quarter of fiscal 2023 from 18.8% for the second quarter of fiscal 2022. Commissions to our non-employee experts decreased to 2.3% of revenues for the second quarter of fiscal 2023 compared to 3.5% of revenues the second quarter of fiscal 2022.

Provision for Income Taxes. The income tax provision was $4.1 million and the effective tax rate ("ETR") was 30.1% for the second quarter of fiscal 2023 compared to $4.6 million and 28.3% for the second quarter of fiscal 2022. The ETR for the current fiscal quarter was higher than the prior year fiscal quarter primarily due to an increase in nondeductible meals and entertainment expenses and an increase in the U.K. statutory rate from 19% to 25% effective April 1, 2023, with a blended rate of 23.5% for the fiscal year. The increase in the tax impact of the meals expense is a result of the expiration of the relief provided by The Consolidated Appropriations Act, 2021, whereby the deduction for business meals from restaurants was 100% during 2021 and 2022 and reverted back to 50% in 2023. The ETR for the second quarter of fiscal 2023 was higher than the combined federal and state statutory tax rate primarily due to nondeductible compensation paid to executive officers and nondeductible meals and entertainment expenses. The ETR for the second quarter of fiscal 2022 was higher than the combined federal and state statutory tax rate primarily due to nondeductible items including compensation paid to executive officers and entertainment expenses, along with an increase in the valuation allowance, partially offset by the U.S. benefit from foreign-derived intangible income ("FDII").

Net Income. Net income decreased to $9.5 million for the second quarter of fiscal 2023 from $11.6 million for the second quarter of fiscal 2022. The net income per diluted share was $1.34 per share for the second quarter of fiscal 2023, compared to $1.57 of net income per diluted share for the second quarter of fiscal 2022. Weighted average diluted shares outstanding decreased by approximately 300,000 shares to approximately 7,080,000 shares for the second quarter of fiscal 2023 from approximately 7,380,000 shares for the second quarter of fiscal 2022. The decrease in weighted average diluted shares outstanding was primarily due to the repurchase of shares of our common stock since July 2, 2022, offset in part by the vesting of shares of restricted stock and time-vesting restricted stock units and the exercise of stock options since July 2, 2022.

Fiscal Year-to-Date Period Ended July 1, 2023, Compared to the Fiscal Year-to-Date Period Ended July 2, 2022

Revenues. Revenues increased by $17.3 million, or 5.8%, to $314.8 million for the fiscal year-to-date period ended July 1, 2023 from $297.5 million for the fiscal year-to-date period ended July 2, 2022. Utilization decreased to 71% for the fiscal year-to-date period ended July 1, 2023 from 75% for the fiscal year-to-date period ended July 2, 2022, while consultant headcount increased 12.5% from 863 at the end of the second quarter of fiscal 2022 to 971 at the end of the second quarter of fiscal 2023.

Overall, revenues outside of the U.S. represented approximately 22% and 20% of net revenues for the fiscal year-to-date periods ended July 1, 2023 and July 2, 2022, respectively. Revenues derived from fixed-price projects decreased to 17% of net revenues for the fiscal year-to-date period ended July 1, 2023 compared with 19% of net revenues for the fiscal year-to-date period ended July 2, 2022. The percentage of revenue derived from fixed-price projects depends largely on the proportion of our revenues derived from our management consulting business, which typically has a higher concentration of fixed-price service contracts.

Costs of Services (exclusive of depreciation and amortization). Costs of services (exclusive of depreciation and amortization) increased by $14.1 million, or 6.8%, to $221.2 million for the fiscal year-to-date period ended July 1, 2023 from $207.1 million for the fiscal year-to-date period ended July 2, 2022. The increase in costs of services was due to an increase of $13.1 million in employee compensation and fringe benefit costs primarily as a result of a higher headcount and an increase in forgivable loan amortization of $2.4 million, partially offset by a decrease in client reimbursable expenses of $1.4 million. As a percentage of revenues, costs of services (exclusive of depreciation and amortization) increased to 70.3% for the fiscal year-to-date period ended July 1, 2023 from 69.6% for the fiscal year-to-date period ended July 2, 2022.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $4.4 million, or 8.3%, to $58.2 million for the fiscal year-to-date period ended July 1, 2023 from $53.8 million for the fiscal year-to-date period ended July 2, 2022. Within this category of expenses, there was a $2.0 million increase in travel and entertainment, a $1.2 million increase in rent expense, a $1.1 million increase in employee compensation and fringe benefit costs, a $1.0 million increase in miscellaneous and other costs, a $0.8 million increase in software subscription and data services, and a $0.7 million increase in bad debt expense. Partially offsetting the increase in these expenses was a $2.4 million decrease in commissions to our non-employee experts for the fiscal year-to-date period ended July 1, 2023 as compared to the fiscal year-to-date period ended July 2, 2022.

As a percentage of revenues, selling, general and administrative expenses increased to 18.5% for the fiscal year-to-date period ended July 1, 2023 from 18.1% for the fiscal year-to-date period ended July 2, 2022. Commissions to our non-employee experts decreased to 2.3% of revenues for the fiscal year-to-date period ended July 1, 2023 compared to 3.3% of revenues for the fiscal year-to-date period ended July 2, 2022.

Provision for Income Taxes. The income tax provision was $7.8 million and the ETR was 29.7% for the fiscal year-to-date period ended July 1, 2023, compared to $8.7 million and 27.4% for the fiscal year-to-date period ended July 2, 2022. The ETR for the current fiscal year-to-date period was higher than the prior fiscal year-to-date period primarily due to a decrease in the tax benefit related to share-based compensation, an increase in nondeductible meals and entertainment expenses, and an increase in the U.K. statutory rate from 19% to 25% effective April 1, 2023, with a blended rate of 23.5% for the fiscal year. The increase in the tax impact of the meals expense is a result of the expiration of the relief provided by The Consolidated Appropriations Act, 2021, whereby the deduction for business meals from restaurants was 100% during 2021 and 2022 and reverted back to 50% in 2023. The ETR for the current fiscal year-to-date period was higher than the combined federal and state statutory tax rate primarily due to nondeductible compensation paid to executive officers and nondeductible meals and entertainment expenses, partially offset by the tax benefit related to share-based compensation. The ETR for the fiscal year-to-date period ended July 2, 2022 was approximately the same as the combined federal and state statutory tax rate and included offsetting items primarily related to the tax benefit for share-based compensation and nondeductible compensation paid to executive officers.

Net Income. Net income decreased by $4.7 million to $18.4 million for the fiscal year-to-date period ended July 1, 2023 from $23.1 million for the fiscal year-to-date period ended July 2, 2022. The diluted net income per share was $2.56 for the fiscal year-to-date period ended July 1, 2023, compared to diluted net income per share of $3.09 for the fiscal year-to-date period ended July 2, 2022. Weighted average diluted shares outstanding decreased by approximately 276,000 to approximately 7,166,000 shares for the fiscal year-to-date period ended July 1, 2023 from approximately 7,442,000 shares for the fiscal year-to-date period ended July 2, 2022. The decrease in weighted average diluted shares outstanding was primarily due to the repurchase of shares of our common stock since July 2, 2022, offset in part by the vesting of restricted stock and time-vesting restricted stock units and the exercise of stock options since July 2, 2022.

Liquidity and Capital Resources

Fiscal Year-to-Date Period Ended July 1, 2023

We believe that our current cash and cash equivalents, cash generated from operations, and amounts available under our revolving credit facility will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

General. During the fiscal year-to-date period ended July 1, 2023, cash and cash equivalents decreased by $17.2 million. We completed the period with cash and cash equivalents of $14.3 million. The principal drivers of the decrease of cash and cash equivalents was payment of a significant portion of our fiscal 2022 performance bonuses in the first and second quarters of fiscal 2023, the repurchase of shares, and the payment of dividends, offset by net borrowings of $80.0 million.

During the fiscal year-to-date period ended July 1, 2023, working capital (defined as current assets less current liabilities) decreased by $16.0 million to $15.7 million. The decrease in working capital was principally due to an increase in borrowings of $80.0 million and a decrease in cash and cash equivalents of $17.2 million. Partially offsetting these decreases to working capital was a decrease in accrued expenses of $48.7 million, an increase in accounts receivable and unbilled services of $18.1 million, a decrease in accounts payable of $4.7 million, a decrease in deferred revenue and other liabilities of $3.0 million, an increase in prepaid expenses and other current assets of $2.5 million, an increase in the current portion of our forgivable loans of $2.5 million, and a decrease in the current portion of deferred compensation of $2.2 million.

At July 1, 2023, $4.9 million of our cash and cash equivalents was held within the U.S. We have sufficient sources of liquidity in the U.S., including cash flow from operations and availability on our revolving credit facility to fund U.S. operations for the next 12 months without the need to repatriate funds from our foreign subsidiaries.

Sources and Uses of Cash. During the fiscal year-to-date period ended July 1, 2023, net cash used in operating activities was $65.0 million. Net income was $18.4 million for the fiscal year-to-date period ended July 1, 2023. Uses of cash for operating activities included a $8.9 million decrease in lease liabilities, a net increase of $16.4 million in accounts receivable and unbilled receivables, and a $3.2 million increase in prepaid expenses and other current assets. Other uses of cash included a decrease in accounts payable, accrued expenses, and other liabilities of $69.7 million, primarily due to the payment of a significant portion of our fiscal 2022 performance bonuses and performance awards, and an increase in forgivable loans for the period of $4.4 million, which was primarily driven by $17.0 million of forgivable loan issuances, net of repayments, offset by $12.6 million of forgivable loan amortization.

Cash used in operations included incentive cash award expense of $4.0 million, non-cash depreciation and amortization expense of $5.8 million, right-of-use amortization of $7.2 million, and share-based compensation expenses of $2.1 million.

During the fiscal year-to-date period ended July 1, 2023, net cash used in investing activities was $1.9 million, which included $0.6 million of net consideration paid for the acquisitions of Welch Consulting and bSG, and $1.3 million for capital expenditures, primarily related to purchases of computer equipment.

During the fiscal year-to-date period ended July 1, 2023, net cash provided by financing activities was $49.2 million, primarily as a result of net borrowings under the revolving credit facility of $80.0 million. Offsetting these increases in cash provided by financing activities were repurchases of common stock of $23.6 million, payment of cash dividends of $5.2 million, and tax withholding payments reimbursed by restricted shares on vesting of $2.0 million.

Lease Commitments

We are a lessee under certain operating leases for office space and equipment. Certain of our operating leases have terms that impose asset retirement obligations due to office modifications or the periodic redecoration of the premises, which are included in other liabilities on our condensed consolidated balance sheets and are recorded at a value based on their estimated discounted cash flows. We do not expect to incur asset retirement obligation or redecoration obligation costs over the next twelve months. At July 1, 2023, the remainder of our asset retirement obligations and redecoration obligations are approximately $2.8 million and are expected to be paid between fiscal year 2026 and fiscal year 2031 when the underlying leases terminate or when the respective lease agreement requires redecoration. We expect to satisfy these lease and related obligations as they become due from cash generated from operations.

Indebtedness

CRA is party to a Credit Agreement, dated as of August 19, 2022 (the "Credit Agreement") with Bank of America, N.A., as swingline lender, a letter of credit issuing bank and administrative agent, and with Citizens Bank, N.A., as a letter of credit issuing bank. The Credit Agreement provides CRA with a $250.0 million revolving credit facility, which may be decreased at CRA's option to $200.0 million during the period from July 16th in a year through January 15th in the next year. Additionally, for the period from January 16th to July 15th of each calendar year, CRA may elect to not increase the revolving credit facility to $250.0 million. The revolving credit facility includes a $25.0 million sublimit for the issuance of letters of credit.

There was $80.0 million in borrowings outstanding under the revolving credit facility as of July 1, 2023 and no borrowings outstanding as of December 31, 2022. As of July 1, 2023, the amount available under the revolving credit facility was reduced by certain letters of credit outstanding, which amounted to $4.4 million.

We may use the proceeds of the revolving credit loans under the Credit Agreement for general corporate purposes and may repay any borrowings under the revolving credit facility at any time, but any borrowings must be repaid no later than August 19, 2027. Borrowings under the revolving credit facility bear interest at a rate per annum equal to one of the following rates, at our election, plus an applicable margin as described below: (i) in the case of borrowings in U.S. dollars by us, the Base Rate (as defined in the Credit Agreement), (ii) in the case of borrowings in U.S. dollars, a rate based on Term SOFR (as defined in the Credit Agreement) for the applicable interest period, (iii) in the case of borrowings in Euros, EURIBOR (as defined in the Credit Agreement) for the applicable interest period, (iv) in the case of borrowings in Pounds Sterling, a daily rate based on SONIA (as defined in the Credit Agreement), (v) in the case of borrowings in Canadian Dollars, CDOR (as defined in the Credit Agreement) for the applicable interest period, (vi) in the case of borrowings in Swiss Francs, a daily rate based on SARON (as defined in the Credit Agreement), or (vii) in the case of borrowings in any other Alternate Currency (as defined in the Credit Agreement), the relevant daily or term rate determined as provided in the Credit Agreement. The applicable margin on borrowings based on the Base Rate varies within a range of 0.25% to 1.00% depending on our consolidated net leverage ratio, and the applicable margin on borrowings based on any of the other rates described above varies within a range of 1.25% to 2.00% depending on our consolidated net leverage ratio.

We are required to pay a fee on the amount available to be drawn under any letter of credit issued under the revolving credit facility at a rate per annum that varies between 1.25% and 2.00% depending on our consolidated net leverage ratio. In addition, we are required to pay a fee on the unused portion of the revolving credit facility at a rate per annum that varies between 0.175% and 0.250% depending on our consolidated net leverage ratio.

Under the Credit Agreement, CRA must comply with various financial and non-financial covenants. The primary financial covenants consist of a maximum consolidated net leverage ratio of 3.0 to 1 and a minimum consolidated interest coverage ratio of 2.5 to 1. The primary non-financial covenants include, but are not limited to, restrictions on CRA's ability to incur future indebtedness, engage in acquisitions or dispositions, pay dividends or repurchase capital stock, and enter into business combinations. Any indebtedness outstanding under the revolving credit facility may become immediately due upon the occurrence of stated events of default, including CRA's failure to pay principal, interest or fees, or upon the breach of any covenant. As of July 1, 2023, CRA was in compliance with the covenants of the Credit Agreement.

Forgivable Loans

In order to attract and retain highly skilled professionals, we may issue forgivable loans or term loans to employees and non-employee experts. A portion of these loans is collateralized by key person life insurance. The forgivable loans have terms that are generally between two and six years. The principal amount of forgivable loans and accrued interest is forgiven by us over the term of the loans, so long as the employee or non-employee expert continues employment or affiliation with us and complies with certain contractual requirements. The expense associated with the forgiveness of the principal amount of the loans is recorded as compensation expense over the service period, which is consistent with the term of the loans.

Compensation Arrangements

We have entered into compensation arrangements for the payment of performance awards to certain of our employees and non-employee experts that are payable if specific performance targets are met. The financial targets may include a measure of revenue generation, profitability, or both. The amounts of the awards to be paid under these compensation arrangements could fluctuate depending on future performance during the applicable measurement periods. Changes in the estimated awards are expensed prospectively over the remaining service period. We believe that we will have sufficient funds to satisfy any cash obligations related to the performance awards. We expect to fund any cash payments from existing cash resources, cash generated from operations, or borrowings available on our revolving credit facility.

Our Amended and Restated 2006 Equity Incentive Plan, as amended (the "2006 Equity Plan"), authorizes the grant of a variety of incentive and performance equity awards to our directors, employees and non-employee experts, including stock options, shares of restricted stock, restricted stock units, and other equity awards. At the annual meeting of our shareholders held on July 13, 2023, our shareholders approved amendments to our Amended and Restated 2006 Equity Incentive Plan (as so amended, the “Plan”) which, among other things, (i) increased the maximum number of shares issuable under the Plan by 500,000 shares of our common stock, no par value, (ii) limited the term of any stock appreciation right to ten years, (iii) made other minor revisions to further clarify the terms of the Plan and (iv) included certain amendments to the French Sub-plan which is part of the Plan.

In 2009, the compensation committee of our Board of Directors adopted our long-term incentive program, (the "LTIP"), as a framework for equity grants made under our 2006 equity incentive plan to our senior corporate leaders, practice leaders, and key revenue generators. The equity awards granted under the LTIP include stock options, time-vesting restricted stock units, and performance-vesting restricted stock units.

In December 2016, our compensation committee modified the LTIP to allow grants of service- and performance-based cash awards in lieu of, or in addition to, equity awards to our senior corporate leaders, practice leaders, and key revenue generators. The compensation committee of our Board of Directors is responsible for approving all cash and equity awards under the LTIP. We expect to fund any cash payments from existing cash resources, cash generated from operations, or borrowings available under our revolving credit facility.

Business and Talent Acquisitions

As part of our business, we regularly evaluate opportunities to acquire other consulting firms, practices or groups, or other businesses. In recent years, we have typically paid for acquisitions with cash, or a combination of cash and our common stock, and we may continue to do so in the future. To pay for an acquisition, we may use cash on hand, cash generated from our operations, borrowings available under our revolving credit facility, or we may pursue other forms of financing. Our ability to secure short-term and long-term debt or equity financing in the future, including our ability to refinance our credit agreement, will depend on several factors, including our future profitability, the levels of our debt and equity, restrictions under our existing revolving credit facility, and the overall credit and equity market environments. We completed two business acquisitions during the first and fourth quarters of fiscal 2022, which are further described in Note 2, "Business Acquisitions” in Part I, Item I, “Financial Statements” of this report.

Share Repurchases

In March 2023, we announced that our Board of Directors authorized an expansion of our existing share repurchase program of an additional $20.0 million of our common stock. We may repurchase shares under this program in open market purchases (including through any Rule 10b5-1 plan adopted by us) or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations.

During the fiscal quarter and fiscal year-to-date period ended July 1, 2023, we repurchased and retired 31,090 shares and 211,971 shares, respectively, under our share repurchase program at an average price per share of $96.49 and $111.23, respectively. During the fiscal quarter and fiscal year-to-date period ended July 2, 2022, we repurchased and retired 211,345 shares and 268,010 shares under our share repurchase program at an average price per share of $83.63 and $84.44, respectively.

As of July 1, 2023, we had approximately $19.3 million available for future repurchases under our share repurchase program. We plan to finance future repurchases with available cash, cash from future operations, and borrowings available under our revolving credit facility. We expect to continue to repurchase shares under our share repurchase program.

Dividends to Shareholders

We anticipate paying regular quarterly dividends each year. These dividends are anticipated to be funded through cash flow from operations, available cash on hand, and/or borrowings available under our revolving credit facility. Although we anticipate paying regular quarterly dividends on our common stock for the foreseeable future, the declaration, timing and amounts of any such dividends remain subject to the discretion of our Board of Directors. During the fiscal quarter and fiscal year-to-date period ended July 1, 2023, we paid dividends and dividend equivalents of $2.5 million and $5.2 million, respectively. During the fiscal quarter and fiscal year-to-date period ended July 2, 2022, we paid dividends and dividend equivalents of $2.3 million and $4.6 million, respectively.

Impact of Inflation

To date, inflation has not had a material impact on our financial results. There can be no assurance, however, that inflation will not adversely affect our financial results in the future.

Future Capital and Liquidity Needs

We anticipate that our future capital and liquidity needs will principally consist of funds required for:

- operating and general corporate expenses relating to the operation of our business, including the compensation of our employees under various annual bonus or long-term incentive compensation programs;
- the hiring of individuals to replenish and expand our employee base;
- capital expenditures, primarily for information technology equipment, office furniture and leasehold improvements;
- debt service and repayments, including interest payments on borrowings from our revolving credit facility;
- share repurchases under programs that we may have in effect from time to time;
- dividends to shareholders;
- potential acquisitions of businesses that would allow us to diversify or expand our service offerings;
- contingent obligations related to our acquisitions; and
- other known future contractual obligations.

The hiring of individuals to replenish and expand our employee base is an essential part of our business operations and has historically been funded principally from operations. Many of the other above activities are discretionary in nature. For example, capital expenditures can be deferred, acquisitions can be forgone, and share repurchase programs and regular dividends can be suspended. As such, our operating model provides flexibility with respect to the deployment of cash flow from operations. Given this flexibility, we believe that our cash flows from operations, supplemented by cash on hand and borrowings under our revolving credit facility (as necessary), will provide adequate cash to fund our long-term cash needs from normal operations for at least the next twelve months.

Our conclusion that we will be able to fund our cash requirements by using existing capital resources and cash generated from operations does not take into account the impact of any future acquisition transactions or any unexpected significant changes in the number of employees or other expenditures that are currently not contemplated. The anticipated cash needs of our business could change significantly if we pursue and complete additional business acquisitions, if our business plans change, if economic conditions change from those currently prevailing or from those now anticipated, or if other unexpected circumstances arise that have a material effect on the cash flow or profitability of our business. Any of these events or circumstances, including any new business opportunities, could involve significant additional funding needs in excess of the identified currently available sources and could require us to raise additional debt or equity funding to meet those needs on terms that may be less favorable compared to our current sources of capital. Our ability to raise additional capital, if necessary, is subject to a variety of factors that we cannot predict with certainty, including:

- our future profitability;
- the quality of our accounts receivable;
- our relative levels of debt and equity;
- the volatility and overall condition of the capital markets; and
- the market prices of our securities.

Factors Affecting Future Performance

Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this report, as well as a description of material risks we face, are set forth below under the heading “Risk Factors” and included in Part I, Item 1A, “Risk Factors” of our 2022 Form 10-K. If any of these risks, or any risks not presently known to us or that we currently believe are not significant, develops into an actual event, then our business, financial condition, and results of operations could be adversely affected.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our exposure to market risk during the fiscal quarter ended July 1, 2023. For information regarding our exposure to certain market risks, see Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk" of our 2022 Form 10-K.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. This is done in order to ensure that information we are required to disclose in the reports that are filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of July 1, 2023.

Management has concluded that the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material aspects, our financial position at the end of, and the results of operations and cash flows for, the periods presented in conformity with accounting principles generally accepted in the United States.

Evaluation of Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we evaluated whether there were any changes in our internal control over financial reporting during the second quarter of fiscal 2023. There were no changes in our internal control over financial reporting identified in connection with the above evaluation that occurred during the second quarter of fiscal 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Important Considerations

The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to various inherent limitations, including judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time. Because of these limitations, there can be no assurance that any system of disclosure controls and procedures or internal control over financial reporting will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 1A. Risk Factors

There are many risks and uncertainties that can affect our future business, financial performance or results of operations. In addition to the other information set forth in this report, please review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Part I, Item 1A, "Risk Factors" in our 2022 Form 10-K. There have been no material changes to these risk factors during the quarter ended July 1, 2023.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable.

(b) Not applicable.

(c) The following provides information about our repurchases of shares of our common stock during the fiscal quarter ended July 1, 2023. During that period, we did not act in concert with any affiliate or any other person to acquire any of our common stock and, accordingly, we do not believe that purchases by any such affiliate or other person (if any) are reportable in the following table. For purposes of this table, we have divided the fiscal quarter into three periods of four weeks, four weeks, and five weeks, respectively, to coincide with our reporting periods during the second quarter of fiscal 2023.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased(1)(2)	(b) Average Price Paid per Share(1)(2)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2)
April 2, 2023 to April 29, 2023	1,237	$ 109.55	—	$ 22,277,111
April 30, 2023 to May 27, 2023	31,090	$ 96.49	31,090	$ 19,277,193
May 28, 2023 to July 1, 2023	—	$ —	—	$ 19,277,193

(1) During the four weeks ended April 29, 2023, we accepted 1,237 shares of our common stock as a tax withholding from certain of our employees in connection with the vesting of shares of restricted stock that occurred during the indicated period, pursuant to the terms of our 2006 equity incentive plan, at the average price of $109.55.

(2) On March 2, 2023, we announced that our Board of Directors authorized an expansion to our existing share repurchase program of an additional $20.0 million of outstanding shares of our common stock. We may repurchase shares under this program in open market purchases (including through any Rule 10b5-1 plan adopted by us) or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. During the four weeks ended May 27, 2023, we repurchased and retired 31,090 shares under this program at an average price per share of $96.49. Approximately $19.3 million was available for future repurchases under this program as of July 1, 2023. We expect to continue to repurchase shares under this program.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

During the period ended June 30, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Regulation S-K).

ITEM 6. Exhibits

Item No.	Filed with this Form 10-Q	Description
3.1		Amended and Restated Articles of Organization, as amended by the Articles of Amendment to our Articles of Organization filed on May 6, 2005 (incorporated by reference to Exhibit 3.1 to our annual report on Form 10-K filed on February 27, 2020).
3.2		Amended and Restated By-Laws, as amended (incorporated by reference to Exhibit 3.2 to our current report on Form 8-K filed on January 31, 2011).
10.1		Amended and Restated 2006 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 17, 2023)
31.1	X	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	X	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	X	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	X	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	X	The following financial statements from CRA International, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language), as follows: (i) Condensed Consolidated Statements of Operations (unaudited) for the fiscal quarters and fiscal year-to-date periods ended July 1, 2023 and July 2, 2022, (ii) Condensed Consolidated Statements of Comprehensive Income (unaudited) for the fiscal quarters and fiscal year-to-date periods ended July 1, 2023 and July 2, 2022, (iii) Condensed Consolidated Balance Sheets (unaudited) at July 1, 2023 and December 31, 2022, (iv) Condensed Consolidated Statements of Cash Flows (unaudited) for the fiscal year-to-date periods ended July 1, 2023 and July 2, 2022, (v) Condensed Consolidated Statement of Shareholders' Equity (unaudited) for the fiscal year-to-date periods ended July 1, 2023 and July 2, 2022, and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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.

		CRA INTERNATIONAL, INC.
Date: August 3, 2023	By:	/s/ PAUL A. MALEH
		Paul A. Maleh
		President and Chief Executive Officer
Date: August 3, 2023	By:	/s/ DANIEL K. MAHONEY
		Daniel K. Mahoney
		Chief Financial Officer, Executive Vice President and Treasurer

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul A. Maleh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of CRA International, Inc. (the "registrant");

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 the 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 this 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 the 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the 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 3, 2023

By: /s/ PAUL A. MALEH
Paul A. Maleh
President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel K. Mahoney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of CRA International, Inc. (the "registrant");

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 the 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 this 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 the 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the 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 3, 2023

By: /s/ DANIEL K. MAHONEY
Daniel K. Mahoney
Chief Financial Officer, Executive Vice President and Treasurer

Exhibit 32.1

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

In connection with the Quarterly Report of CRA International, Inc. (the “Company”) on Form 10-Q for the quarter ended July 1, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned President and Chief Executive Officer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 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.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ PAUL A. MALEH
Paul A. Maleh
President and Chief Executive Officer
Date: August 3, 2023

Exhibit 32.2

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

In connection with the Quarterly Report of CRA International, Inc. (the “Company”) on Form 10-Q for the quarter ended July 1, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Chief Financial Officer, Executive Vice President and Treasurer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 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.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ DANIEL K. MAHONEY

Daniel K. Mahoney
Chief Financial Officer, Executive Vice President and Treasurer
Date: August 3, 2023